

REMARKETING**RATINGS: Moody's: "Aa3"/"VMIG1"****S&P: "AA"/"A-1+"****Fitch: "AA"/"F1+"****See "RATINGS"****BOOK-ENTRY ONLY:****See "APPENDIX F—BOOK-ENTRY ONLY SYSTEM"**

On the date of issuance of each series of the Series 2005A/2007A Bonds (as defined herein), Barnes & Thornburg LLP, Indianapolis, Indiana ("Bond Counsel"), issued its opinion that, under existing laws, interest on such series of the Series 2005A/2007A Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended and in effect on the date of issuance of such series of the Series 2005A/2007A Bonds. On the date of issuance of each series of the Series 2005A/2007A Bonds, Bond Counsel issued its opinion that, under existing laws, interest on such series of the Series 2005A/2007A Bonds is exempt from income taxation in the State of Indiana for all purposes except the Indiana financial institutions tax. On or as of the Conversion Date (as defined herein) of any Series 2005A/2007A Bonds, Bond Counsel will issue its opinion that the change in the Mode (as defined herein) of such Series 2005A/2007A Bonds to the Weekly Mode (as defined herein) will not adversely affect the excludability of interest on such Series 2005A/2007A Bonds from gross income for federal income tax purposes. See "TAX MATTERS" and APPENDIX H.

\$611,525,000**INDIANA FINANCE AUTHORITY****Lease Appropriation Bonds (Stadium Project), Series 2005 A****Lease Appropriation Bonds (Stadium Project), Series 2007 A****Dated: Series 2005A Bonds: October 13, 2005**
Series 2007A Bonds: March 28, 2007**Price: 100%****Due: Series 2005A Bonds: February 1, 2035**
Series 2007A Bonds: February 1, 2037

On October 13, 2005, the Indiana Finance Authority (the "Finance Authority") issued its Lease Appropriation Bonds (Stadium Project), Series 2005 A, in five separate series, as shown on the inside cover (collectively, the "Series 2005A Bonds"), pursuant to a Trust Indenture between the Finance Authority and The Bank of New York Trust Company, N.A., as trustee (the "Trustee"), dated as of October 1, 2005 (the "Original Indenture"). On March 28, 2007, the Finance Authority issued its Lease Appropriation Bonds (Stadium Project), Series 2007 A, in three separate series, as shown on the inside cover (collectively, the "Series 2007A Bonds"), pursuant to the Original Indenture, as amended and supplemented by the First Supplemental Trust Indenture between the Finance Authority and the Trustee, dated as of June 1, 2006, and the Second Supplemental Trust Indenture between the Finance Authority and the Trustee, dated as of March 1, 2007 (the Original Indenture, as so amended and supplemented, and as further supplemented and amended by the Third Supplemental Trust Indenture between the Finance Authority and the Trustee, dated as of March 1, 2008, the "Indenture"). The Finance Authority loaned a portion of the proceeds of the Series 2005A and the Series 2007A Bonds (collectively, the "Series 2005A/2007A Bonds") to the Indiana Stadium and Convention Building Authority (the "Building Authority") for the purpose of financing the costs of the Stadium Project (as defined herein).

The Series 2005A/2007A Bonds were initially issued in the Auction Rate Securities Mode (as defined herein). On March 13, 2008, the Finance Authority gave notice to the Trustee of its intention to change the Mode of all Series 2005A/2007A Bonds from the Auction Rate Securities Mode to the Weekly Mode, effective on the respective dates set forth on the inside cover (each, a "Conversion Date"). If, on the Conversion Date of any Series 2005A/2007A Bonds, all conditions precedent to the change in the Mode of such Series 2005A/2007A Bonds to the Weekly Mode are satisfied, such Series 2005A/2007A Bonds will be mandatorily purchased from those holding such Series 2005A/2007A Bonds immediately prior to such Conversion Date, and may be remarketed to new purchasers in accordance with this offering on such Conversion Date.

From and after the Conversion Date of any Series 2005A/2007A Bonds, such Series 2005A/2007A Bonds in the Daily Mode (as defined herein) or Weekly Mode will be fully registered bonds, without coupons, in denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof. From and after the Conversion Date of any Series 2005A/2007A Bonds, such Series 2005A/2007A Bonds in the Weekly Mode will bear interest at the Weekly Rate (as defined herein), established in accordance with the Indenture by the respective Remarketing Agent therefor set forth on the inside cover, payable on the first Business Day (as defined herein) of each month. See "DESCRIPTION OF SERIES 2005A/2007A BONDS."

The Series 2005A/2007A Bonds in the Daily Mode or Weekly Mode are subject to optional and mandatory redemption prior to maturity and optional and mandatory tender for purchase, as described herein. See "DESCRIPTION OF SERIES 2005A/2007A BONDS—Redemption" and "—Tender for Purchase."

Under a Standby Bond Purchase Agreement among the Finance Authority, the Trustee, JPMorgan Chase Bank, National Association, individually and as administrative agent on behalf of the hereinafter defined Banks, Dexia Credit Local, acting through its New York Branch, The Bank of New York and RBS Citizens, National Association, d/b/a Charter One (collectively, the "Banks"), dated as of March 1, 2008 (the "Standby Purchase Agreement"), each Bank agrees, severally and not jointly, to purchase Series 2005A/2007A Bonds bearing interest at a Daily Rate or Weekly Rate tendered for purchase but not remarketed, up to the amount of its Pro Rata Share (as defined herein) of the Available Commitment (as defined herein), but in no event to exceed its Commitment (as defined herein). The Banks' obligation to purchase Series 2005A/2007A Bonds will expire on March 28, 2011, unless terminated or suspended prior thereto. See "LIQUIDITY FACILITY" and "APPENDIX E - BANKS."

The Series 2005A/2007A Bonds are special, limited obligations of the Finance Authority, payable solely from and secured exclusively by a pledge to the Trustee of the Trust Estate (as defined herein), including payments made by the Building Authority on the Series 2005A/2007A Building Authority Notes (as defined herein), all moneys obligated to be paid to the Trustee pursuant to the Revenue Deposit Agreement (as defined herein), the Lease (as defined herein) and the Sublease (as defined herein), and the earnings thereon and all proceeds thereof. Neither the Finance Authority, the Building Authority, the Trustee nor any holder of the Series 2005A/2007A Bonds may compel funds to be appropriated or to be made available for such purpose. The Series 2005A/2007A Bonds do not constitute an indebtedness, liability or loan of the credit of the Finance Authority, the Building Authority, the State of Indiana (the "State") or any political subdivision thereof within the meaning or application of any constitutional provision or limitation, or a pledge of the faith, credit or taxing power of the Finance Authority, the Building Authority, the State or any political subdivision thereof. Neither the Finance Authority nor the Building Authority has the power of taxation. See "SECURITY AND SOURCES OF PAYMENT FOR SERIES 2005A/2007A BONDS."

On the final Conversion Date, certain bond insurance policies and a certain debt service reserve fund insurance policy theretofore available to pay certain principal of and interest on the Series 2005A/2007A Bonds will be cancelled. See "INTRODUCTION - No Bond Insurance."

This cover page contains certain information for quick reference only. It is *not* a summary of this issue. Investors must read the entire Official Statement, including the cover page, introductory pages and appendices, to obtain information essential to the making of an informed investment decision.

Each Series 2005A/2007A Bond is being offered when, as and if the conditions precedent to the change in the Mode of such Series 2005A/2007A Bond to the Weekly Mode are satisfied, subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of legality by Barnes & Thornburg LLP, Indianapolis, Indiana, Bond Counsel to the Finance Authority. Certain legal matters will be passed on for the Banks by Chapman and Cutler LLP, Chicago, Illinois. Certain legal matters will be passed on for the Remarketing Agents by Krieg DeVault LLP, Indianapolis, Indiana. It is expected that each Series 2005A/2007A Bond in definitive form will be available for delivery through The Depository Trust Company on or about the Conversion Date of such Series 2005A/2007A Bond.

JPMorgan**Morgan Stanley****Goldman Sachs***The date of this Official Statement is March 27, 2008.*

\$400,000,000
INDIANA FINANCE AUTHORITY
Lease Appropriation Bonds (Stadium Project), Series 2005 A

\$70,000,000
Series 2005 A-1
Variable Rate Demand Securities
CUSIP: 455057LM9
Conversion Date: April 1, 2008
Remarketing Agent:
Morgan Stanley & Co. Incorporated

\$70,000,000
Series 2005 A-2
Variable Rate Demand Securities
CUSIP: 455057LN7
Conversion Date: April 2, 2008
Remarketing Agent:
Morgan Stanley & Co. Incorporated

\$70,000,000
Series 2005 A-3
Variable Rate Demand Securities
CUSIP: 455057LP2
Conversion Date: March 31, 2008
Remarketing Agent:
J.P. Morgan Securities Inc.

\$90,000,000
Series 2005 A-4
Variable Rate Demand Securities
CUSIP: 455057LQ0
Conversion Date: March 28, 2008
Remarketing Agent:
Goldman, Sachs & Co.

\$100,000,000
Series 2005 A-5
Variable Rate Demand Securities
CUSIP: 455057LR8
Conversion Date: March 31, 2008
Remarketing Agent:
Goldman, Sachs & Co.

\$211,525,000
INDIANA FINANCE AUTHORITY
Lease Appropriation Bonds (Stadium Project), Series 2007 A

\$70,000,000
Series 2007 A-1
Variable Rate Demand Securities
CUSIP: 455057LS6
Conversion Date: April 1, 2008
Remarketing Agent:
Morgan Stanley & Co. Incorporated

\$70,000,000
Series 2007 A-2
Variable Rate Demand Securities
CUSIP: 455057LT4
Conversion Date: April 3, 2008
Remarketing Agent:
J.P. Morgan Securities Inc.

\$71,525,000
Series 2007 A-3
Variable Rate Demand Securities
CUSIP: 455057LU1
Conversion Date: March 28, 2008
Remarketing Agent:
J.P. Morgan Securities Inc.

INDIANA FINANCE AUTHORITY

MEMBERS

STATE BUDGET DIRECTOR DESIGNEE – RYAN C. KITCHELL, CHAIRMAN

TREASURER OF STATE – RICHARD E. MOURDOCK

MARK T. RYAN, VICE CHAIRMAN

OWEN B. MELTON, JR.

STEVEN R. SCHULTZ

—————
JENNIFER M. ALVEY, Public Finance Director

**INDIANA STADIUM AND CONVENTION
BUILDING AUTHORITY**

Executive Director
John P. Klipsch

**INDIANA OFFICE OF MANAGEMENT
AND BUDGET**

Director
Ryan C. Kitchell

TRUSTEE

The Bank of New York Trust Company, N.A.

BOND COUNSEL

Barnes & Thornburg LLP
Indianapolis, Indiana

REMARKETING AGENTS' COUNSEL

Krieg DeVault LLP
Indianapolis, Indiana

REGARDING USE OF THIS OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized by the Finance Authority or the Remarketing Agents to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by either the Finance Authority or the Remarketing Agents. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any offer or sale of any of the Series 2005A/2007A Bonds, by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth in this Official Statement has been obtained from the State of Indiana, the Finance Authority and other sources which are believed to be reliable. The information, estimates and expressions of opinion in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Series 2005A/2007A Bonds shall, under any circumstance, create any implication that there has been no change in the affairs of the Finance Authority, the State of Indiana or any other person described in this Official Statement subsequent to the date as of which such information is presented.

IN CONNECTION WITH THIS OFFERING, THE REMARKETING AGENTS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2005A/2007A BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE SERIES 2005A/2007A BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED. IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE STATE OF INDIANA, THE FINANCE AUTHORITY AND THE TERMS OF THE OFFERING, INCLUDING THE MERIT AND RISK INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
Conversion	1
Plan of Finance	2
Stadium Project	3
Security and Sources of Payment for Series 2005A/2007A Bonds	3
Third Supplemental Indenture	5
No Bond Insurance	5
Official Statement	5
SOURCES AND USES OF FUNDS	6
SECURITY AND SOURCES OF PAYMENT FOR SERIES 2005A/2007A BONDS	6
General Description	6
Lease Rental Payments	8
Sublease Rental Payments	8
Debt Service Reserve Account	9
Termination Reserve Account	9
Moral Obligation (State Appropriations Mechanism)	10
Allocation of Local Revenues During Construction Period	10
Covenants of Board	10
Revenue Deposit Agreement	11
Hedging Program	11
No Mortgage	13
Enforceability of Rights, Remedies	13
Special Considerations	13
DESCRIPTION OF SERIES 2005A/2007A BONDS	15
Conversion	15
General Description	15
Payment of Principal and Interest	16
Determination of Interest Rates	17
Changes to Modes	18
Tender for Purchase	21
Redemption	25
Transfer and Exchange	28
Additional Bonds	29
LIQUIDITY FACILITY	31
Liquidity Facility	31
Standby Purchase Agreement	31
Alternate Liquidity Facility; Credit Enhancement	36
INDIANA FINANCE AUTHORITY	37
General	37
Organization, Membership	37
OTHER PARTIES TO FINANCING	38
Indiana Stadium and Convention Building Authority	38
Indiana Office of Management and Budget	39
Capital Improvement Board of Managers of Marion County	39
LITIGATION	39
TAX MATTERS	40
ENFORCEABILITY OF REMEDIES	41
APPROVAL OF LEGAL PROCEEDINGS	41
REMARKETING	42
RATINGS	42
CONTINUING DISCLOSURE	42
CERTAIN RELATIONSHIPS	42
MISCELLANEOUS	43

APPENDIX A	FINANCIAL AND ECONOMIC STATEMENT FOR STATE OF INDIANA	A-1
APPENDIX B	SUMMARY OF LOCAL REVENUES.....	B-1
APPENDIX C	SUMMARY OF CERTAIN PROVISIONS OF DOCUMENTS	C-1
APPENDIX D	SUMMARY OF CERTAIN PROVISIONS OF STATE AND BOARD CONTINUING DISLCOSURE AGREEMENT	D-1
APPENDIX E	BANKS	E-1
APPENDIX F	BOOK-ENTRY ONLY SYSTEM.....	F-1
APPENDIX G	PRIOR BOARD OBLIGATIONS	G-1
APPENDIX H	FORM OF OPINIONS OF BOND COUNSEL.....	H-1

\$611,525,000
INDIANA FINANCE AUTHORITY
Lease Appropriation Bonds (Stadium Project), Series 2005 A
Lease Appropriation Bonds (Stadium Project), Series 2007 A

INTRODUCTION

The purpose of this Official Statement (including the cover page, introductory pages and appendices) is to provide information about the Indiana Finance Authority (the “Finance Authority”) and the remarketing of its Lease Appropriation Bonds (Stadium Project), Series 2005 A, issued in five separate series, as shown on the inside cover (collectively, the “Series 2005A Bonds”), and its Lease Appropriation Bonds (Stadium Project), Series 2007 A, issued in three separate series, as shown on the inside cover (collectively, the “Series 2007A Bonds”). The Series 2005A Bonds and the Series 2007A Bonds (collectively, the “Series 2005A/2007A Bonds”) were issued pursuant to (1) Indiana Code 4-4-10.9 and 11 (the “Finance Authority Act”), (2) the Indenture (as defined herein) and (3) resolutions adopted by the Finance Authority on September 8, 2005, February 20, 2007, and February 19, 2008. The Finance Authority Act empowers the Finance Authority to issue bonds under terms and conditions determined by the Finance Authority and to use the proceeds of the bonds to acquire obligations issued by any entity authorized to acquire, finance, construct or lease capital improvements under Indiana Code 5-1-17, which created the Indiana Stadium and Convention Building Authority (the “Building Authority”). See “INDIANA FINANCE AUTHORITY.”

Conversion

On October 13, 2005, the Finance Authority issued the Series 2005A Bonds pursuant to the Trust Indenture between the Finance Authority and The Bank of New York Trust Company, N.A., as trustee (the “Trustee”), dated as of October 1, 2005 (the “Original Indenture”). On March 28, 2007, the Finance Authority issued the Series 2007A Bonds pursuant to the Original Indenture, as amended and supplemented by the First Supplemental Trust Indenture between the Finance Authority and the Trustee, dated as of June 1, 2006, and the Second Supplemental Trust Indenture between the Finance Authority and the Trustee, dated as of March 1, 2007 (the Original Indenture, as so amended and supplemented, the “Existing Indenture”). The Finance Authority loaned a portion of the proceeds of the Series 2005A/2007A Bonds to the Building Authority for the purpose of financing the costs of the Stadium Project (as defined herein).

The Series 2005A/2007A Bonds were initially issued in the Auction Rate Securities Mode (as defined herein). On March 13, 2008, the Finance Authority gave notice to the Trustee of its intention to change the Mode (as defined herein) of all Series 2005A/2007A Bonds from the Auction Rate Securities Mode to the Weekly Mode (as defined herein), effective on the following dates (each, a “Conversion Date”): (i) for the Series 2005 A-1 Variable Rate Demand Securities (the “Series 2005A-1 Bonds”), April 1, 2008; (ii) for the Series 2005 A-2 Variable Rate Demand Securities (the “Series 2005A-2 Bonds”), April 2, 2008; (iii) for the Series 2005 A-3 Variable Rate Demand Securities (the “Series 2005A-3 Bonds”), March 31, 2008; (iv) for the Series 2005 A-4 Variable Rate Demand Securities (the “Series 2005A-4 Bonds”), March 28, 2008; (v) for the Series 2005 A-5 Variable Rate Demand Securities (the “Series 2005A-5 Bonds”), March 31, 2008; (vi) for the Series 2007 A-1 Variable Rate Demand Securities (the “Series 2007A-1 Bonds”), April 1, 2008; (vii) for the Series 2007 A-2 Variable Rate Demand Securities (the “Series 2007A-2 Bonds”), April 3, 2008; and (viii) for the Series 2007 A-3 Variable Rate Demand Securities (the “Series 2007A-3 Bonds”), March 28, 2008. If, on the Conversion Date of any Series 2005A/2007A Bonds, all conditions precedent to the change in the Mode of such Series 2005A/2007A Bonds to the Weekly Mode are satisfied, such Series 2005A/2007A Bonds will be mandatorily purchased from those holding such Series 2005A/2007A Bonds immediately prior to such Conversion Date, and may be remarketed to new purchasers in accordance with this offering on such Conversion Date.

From and after the Conversion Date of any Series 2005A/2007A Bonds, such Series 2005A/2007A Bonds in the Weekly Mode will bear interest at the Weekly Rate (as defined herein), established in accordance with the Indenture by the respective Remarketing Agent therefor set forth on the inside cover, payable on the first Business Day (as defined herein) of each month, beginning (i) for the Series 2005A-3 Bonds, the Series 2005A-4 Bonds, the Series 2005A-5 Bonds and the Series 2007A-3 Bonds, April 1, 2008, and (ii) for the Series 2005A-1 Bonds, Series

2005A-2 Bonds, Series 2007A-1 Bonds and Series 2007A-2 Bonds, May 1, 2008. See “DESCRIPTION OF SERIES 2005A/2007A BONDS.”

The Series 2005A/2007A Bonds in the Daily Mode (as defined herein) or Weekly Mode are subject to optional and mandatory redemption prior to maturity and optional and mandatory tender for purchase, as described herein. See “DESCRIPTION OF SERIES 2005A/2007A BONDS—Redemption” and “—Tender for Purchase.”

Under a Standby Bond Purchase Agreement among the Finance Authority, the Trustee, JPMorgan Chase Bank, National Association, individually as administrative agent (the “Administrative Agent”) on behalf of the hereinafter defined Banks, Dexia Credit Local, acting through its New York Branch, The Bank of New York and RBS Citizens, National Association, d/b/a Charter One (collectively, the “Banks”), dated as of March 1, 2008 (the “Standby Purchase Agreement”), each Bank agrees, severally and not jointly, to purchase Series 2005A/2007A Bonds bearing interest at a Daily Rate or Weekly Rate tendered for purchase but not remarketed, up to the amount of its Pro Rata Share (as defined herein) of the Available Commitment (as defined herein), but in no event to exceed its Commitment (as defined herein). The Banks’ obligation to purchase Series 2005A/2007A Bonds will expire on March 28, 2011, unless terminated or suspended prior thereto. See “LIQUIDITY FACILITY” and “APPENDIX E - BANKS.”

The Finance Authority may, at any time, provide any letter of credit, line of credit, standby purchase agreement or other instrument which provides for the payment of the purchase price of Series 2005A/007A Bonds upon the tender thereof in the event remarketing proceeds are insufficient therefor (any such instrument, an “Alternate Liquidity Facility” and, together with the Standby Purchase Agreement, a “Liquidity Facility”), issued by any bank, insurance company, pension fund or other financial institution (any such institution, together with the Banks, a “Liquidity Provider”), in substitution for the Standby Purchase Agreement or any other Liquidity Facility, upon the satisfaction of certain conditions. In addition, the Finance Authority may, at any time, provide any letter of credit, insurance policy, surety bond, line of credit or other instrument which secures or guarantees the payment of principal of and interest on the Series 2005A/2007A Bonds (any such an instrument, a “Credit Enhancement”), issued by any bank, insurance company, pension fund or other financial institution (any such institution, a “Credit Provider”), upon the satisfaction of certain conditions. See “LIQUIDITY FACILITY—Alternative Liquidity Facility; Credit Enhancement.”

On the final Conversion Date, certain bond insurance policies and a certain debt service reserve fund insurance policy theretofore available to pay certain principal of and interest on the Series 2005A/2007A Bonds will be cancelled. See “No Bond Insurance.”

Plan of Finance

The Finance Authority loaned a portion of the proceeds of the Series 2005A/2007A Bonds to the Building Authority pursuant to the Loan Agreement between the Finance Authority and the Building Authority, dated as of October 1, 2005 (the “Loan Agreement”), as amended and supplemented by the First Supplemental Loan Agreement, dated as of March 1, 2007 (the Original Loan Agreement, as so amended and supplemented, the “Loan Agreement”), for purposes of financing a portion of the costs of the Stadium Project. In consideration of the loan of the proceeds of the Series 2005A/2007A Bonds, the Building Authority issued to the Finance Authority its Promissory Note, Series 2005 A (the “Series 2005A Building Authority Note”), and its Promissory Note, Series 2007 A (the “Series 2007A Building Authority Note”), as security for and to evidence such loan. As security for the Series 2005A Building Authority Note and the Series 2007A Building Authority Note (collectively, the “Series 2005A/2007A Building Authority Notes”), the Building Authority has entered into a Lease (as defined herein) of the Stadium Project with the Indiana Office of Management and Budget (the “OMB”) who, in turn, has entered into a Sublease (as defined herein) of the Stadium Project with the Capital Improvement Board of Managers of Marion County (the “Board”). See “SECURITY AND SOURCES OF PAYMENT FOR SERIES 2005A/2007A BONDS.”

The proceeds of the Series 2005A/2007A Bonds have been and are being utilized to (1) purchase the Series 2005A/2007A Building Authority Notes, (2) pay the costs of issuance of the Series 2005A/2007A Bonds, (3) pay the premiums on certain financial guaranty insurance policies, (4) pay the premium on a certain surety bond, and (5) pay capitalized interest on the Series 2005A/2007A Bonds during construction of the Stadium Project. See “SOURCES AND USES OF FUNDS.”

On the final Conversion Date, a portion of the proceeds from the Series 2005A/2007A Bonds will be transferred to the Debt Service Reserve Account (as defined herein) of the Reserve Fund (as defined herein) to satisfy the Debt Service Reserve Requirement (as defined herein). See "SECURITY AND SOURCES OF PAYMENT FOR SERIES 2005A/2007A BONDS – Debt Service Reserve Account."

Stadium Project

The Building Authority is utilizing the proceeds of the Series 2005A/2007A Bonds, loaned to it pursuant to the Loan Agreement, to acquire and construct a 63,000 seat multi-purpose stadium with a retractable roof (the "Stadium Project"). Construction of the Stadium Project commenced in the fall of 2005 and completion is anticipated in August 2008. The Stadium Project will be home to the National Football League's Indianapolis Colts and will also be used for the National Collegiate Athletic Association's Basketball Tournament and similar sporting events, concerts, family shows and other events. Pursuant to the Loan Agreement, the Building Authority has covenanted and agreed with the Finance Authority to acquire, construct and equip the Stadium Project with reasonable dispatch and in accordance with the plans and specifications therefor. See "SOURCES AND USES OF FUNDS."

Under the terms of the Development Agreement (as defined herein), the Colts have contributed \$100,000,000 to the cost of constructing the Stadium Project (the "Colts Contribution"). See "SOURCES AND USES OF FUNDS."

Construction of the Stadium Project commenced in September 2005. As of January 31, 2008, approximately 80% of the construction work had been completed. That completed work in general includes substantial completion of the building's superstructure (cast-in-place concrete, structural precast concrete and structural steel) and enclosure (architectural precast, curtain wall, metal wall panels and membrane roofing). Additionally, there is significant progress on interior finishes, systems and equipment (masonry, railings, fireproofing, architectural woodwork, glass and glazing, doors and hardware, drywall, acoustical ceilings, painting, tile, resinous flooring, carpet, toilet partitions and accessories, stadium seating, food service equipment, elevators, escalators, plumbing, HVAC, fire protection, electrical, fire alarm, BMS, security, sound, telecommunications, data network, etc.). Construction has progressed, and continues to progress, at such a pace that the Stadium Project is expected to be complete on or before August 15, 2008. To visit the webcam which provides video images of the construction progress of the Stadium Project, see <http://www.oxblue.com/client/indianastadium/>.

In addition to financing the acquisition and construction of the Stadium Project, the Finance Authority has also begun to plan for the development and construction of an expansion of the Indianapolis Convention Center (the "Convention Center Project"). The Convention Center Project will be located at the site of the existing RCA Dome which is the current home of the Indianapolis Colts. The financing program for the Stadium Project and the Convention Center Project is anticipated to consist of multiple separate series of bonds totaling approximately \$936,525,000. The Finance Authority presently anticipates approximately \$661,525,000 of those bonds being allocable to the acquisition and construction of the Stadium Project and approximately \$275,000,000 (including approximately \$40,000,000 in bond anticipation notes currently issued and outstanding) being allocable to the acquisition and construction of the Convention Center Project (the "Convention Center Bonds").

Security and Sources of Payment for Series 2005A/2007A Bonds

The Series 2005A/2007A Bonds are special, limited obligations of the Finance Authority, payable solely from and secured exclusively by a pledge to the Trustee of the Trust Estate (as defined herein), which includes payments made by the Building Authority on the Series 2005A/2007A Building Authority Notes, all moneys obligated to be paid to the Trustee pursuant to the Revenue Deposit Agreement (as defined herein), the Lease and the Sublease, and the earnings thereon and all the proceeds thereof. See "SECURITY AND SOURCES OF PAYMENT FOR SERIES 2005A/2007A BONDS."

Pursuant to the Indenture, the Finance Authority may issue Additional Bonds (as defined herein) on parity with the Series 2005A/2007A Bonds for the purpose of purchasing Additional Building Authority Notes (as defined herein) issued by the Building Authority to the Finance Authority for the purpose of making loans to the Building Authority pursuant to the Loan Agreement to pay the costs of the Stadium Project. Each Additional Building

Authority Note must be payable in full from an Obligation (as defined in the Revenue Deposit Agreement) issued by the Board and from the Lease. *See* “SECURITY AND SOURCES OF PAYMENT FOR SERIES 2005A/2007A BONDS.”

In connection with the issuance of the Series 2005A Bonds, the Building Authority entered into the Lease with the OMB, whereby the OMB agreed to rent and lease from the Building Authority the Stadium Project and the real estate on which it is constructed. Prior to completion of the Stadium Project, lease rentals will be paid only with respect to the real estate upon which the Stadium Project is to be constructed. Rentals under the Lease for the Stadium Project will commence upon the issuance of a completion certificate by the Building Authority and the acceptance thereof by the OMB. Further, in connection with the issuance of the Series 2005A Bonds, the OMB entered into the Sublease with the Board, whereby the Board agreed to rent and sublease from the OMB the Stadium Project and the real estate on which it is constructed. Sublease rentals under the Sublease will be paid only with respect to the real estate upon which the Stadium Project is to be constructed prior to completion of the Stadium Project. *See* “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF DOCUMENTS – THE LEASE – and THE SUBLEASE.”

Payment of rentals under the Lease (i) prior to completion of the Stadium Project, will be payable solely from rental payments received by OMB from the Board pursuant to the Sublease, and (ii) after completion of the Stadium Project, will be payable from (a) moneys appropriated by the General Assembly of the State (the “General Assembly”) at the request of OMB on a biennial basis and (b) rental payments received by OMB from the Board pursuant to the Sublease. Rental payments received by OMB from the Board under the Sublease will act as a credit for rental payments due the Building Authority from OMB under the Lease and, to the extent of such credit, any appropriation of the General Assembly to make such payments will no longer be encumbered for such purpose and will revert to the fund for which the appropriation was originally made.

Under the terms of the Sublease and the Convention Center Sublease (as defined herein), and pursuant to the terms of the Revenue Deposit Agreement, rental payments required to be paid by the Board to the OMB will be made from (1) the 2005 New Excise Tax Revenues, (2) PSDA Revenues, (3) certain Fees and (4) all other Revenues (each as defined in APPENDIX B – SUMMARY OF LOCAL REVENUES”) pledged under the Revenue Deposit Agreement to the Deposit Trustee (as defined herein) (collectively, the “Local Revenues”). The Local Revenues will be deposited in the Stadium and Convention Special Fund (as defined herein) held by the Deposit Trustee. The Deposit Trustee has covenanted to transfer to the Trustee such amounts requested by the Trustee to make the required lease rental payments. The Revenue Deposit Agreement also creates a Lease Rental Reserve Fund (as defined herein) which secures the lease rental payments by the Board under the Sublease and the Convention Center Sublease. The Finance Authority, the Building Authority and the OMB have agreed in the Revenue Deposit Agreement that payment by the Deposit Trustee to the Trustee for the purpose of paying sublease rental payments under the Sublease and the Convention Center Sublease will constitute payment of lease rentals under the Lease and the Convention Center Lease (as defined herein), respectively. Any such payments with respect to the Sublease will also be deemed to constitute payment of amounts due under the Series 2005A/2007A Building Authority Notes. *See* “SECURITY AND SOURCES OF PAYMENT FOR SERIES 2005A/2007A BONDS” and “APPENDIX B – SUMMARY OF LOCAL REVENUES.”

The Local Revenues have not been pledged for the payment of principal of or interest on the Series 2005A/2007A Bonds. Such Local Revenues have been pledged for the payment of rental under the Sublease, the Lease, the Convention Center Sublease and the Convention Center Lease and, upon collection, are to be paid to the Deposit Trustee under the Revenue Deposit Agreement to be used for payment of the principal of and interest on the Series 2005A/2007A Bonds, and the Convention Center Bonds, when and if issued. *See* “SECURITY AND SOURCES OF PAYMENT FOR SERIES 2005A/2007A BONDS” and “APPENDIX B – SUMMARY OF LOCAL REVENUES.”

The Series 2005A/2007A Bonds do not constitute an indebtedness, liability or loan of the credit of the Finance Authority, the Building Authority, the State of Indiana (the “State”) or any political subdivision thereof within the meaning or application of any constitutional provision or limitation, or a pledge of the faith, credit or taxing power of the Finance Authority, the Building Authority, the State or any political

subdivision thereof. Neither the Finance Authority nor the Building Authority has the power of taxation. See “SECURITY AND SOURCES OF PAYMENT FOR SERIES 2005A/2007A BONDS.”

The Indenture creates a Reserve Fund which serves as security for the Series 2005A/2007A Bonds, but only to the extent of any insufficiency in the General Fund with which to pay the principal of and interest on the Series 2005A/2007A Bonds, and only until the earlier of (i) the date on which the Stadium Project is available for use and occupancy or August 15, 2008, whichever is later, or (ii) the date on which no obligations payable from the Reserve Fund remain outstanding or could be payable thereafter from the Debt Service Reserve Account. See “SECURITY AND SOURCES OF PAYMENT FOR SERIES 2005A/2007A BONDS – Debt Service Reserve Account” and “—Termination Reserve Account” and “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF DOCUMENTS – THE INDENTURE.”

Third Supplemental Indenture

On the first Conversion Date, the Finance Authority and the Trustee will enter into the Third Supplemental Trust Indenture dated as of March 1, 2008 (the “Third Supplemental Indenture”), which will amend and supplement the Existing Indenture (the Existing Indenture, as amended and supplemented by the Third Supplemental Indenture, the “Indenture”). A description of the amendments and supplements to the Existing Indenture effected by the Third Supplemental Indenture is subsumed within the description of the Indenture included in this Official Statement.

By its payment for and acceptance of any Series 2005A/2007A Bonds or any interest therein, each registered or beneficial owner of such Series 2005A/2007A Bonds or such interest therein will be deemed to have consented to and approved the execution by the Finance Authority and the Trustee of the Third Supplemental Indenture and the amendments and supplements to the Existing Indenture effected thereby.

No Bond Insurance

On the final Conversion Date, certain bond insurance policies and a certain debt service reserve fund insurance policy (such bond insurance policies and such debt service reserve fund insurance policy, collectively, the “Cancelled Policies”) theretofore available to pay certain principal of and interest on the Series 2005A/2007A Bonds will be cancelled. From and after such cancellation, the Cancelled Policies will be of no further force or effect, and will not be available to pay any principal of or interest on any Series 2005A/2007A Bonds.

By its payment for and acceptance of any Series 2005A/2007A Bonds or any interest therein, each registered or beneficial owner of such Series 2005A/2007A Bonds or such interest therein will be deemed to have directed to the Trustee to cancel the Cancelled Policies and to have consented to and approved the cancellation of the Cancelled Policies.

Official Statement

This Official Statement speaks only as of its date, and the information contained in this Official Statement is subject to change. This Introduction is only a brief description and a full review should be made of this entire Official Statement (including the cover page, introductory pages and appendices), as well as the documents summarized or described in this Official Statement. The summaries of and references to all documents, statutes and other instruments referred to in this Official Statement do not purport to be complete and are qualified in their entirety by reference to the full text of each such document, statute or instrument. Terms utilized herein with initial capitalization and not otherwise defined herein have the meaning ascribed to those in “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF DOCUMENTS – DEFINITIONS.”

The Finance Authority does not certify as to the accuracy or sufficiency of the disclosure practices of or content provided by the Banks or DTC and is not responsible for the information under “APPENDIX E—BANKS” or “APPENDIX F – BOOK-ENTRY ONLY SYSTEM.”

SOURCES AND USES OF FUNDS

Set forth below is a summary of the estimated sources and uses of the proceeds of the Series 2005A/2007A Bonds and other moneys available to the Finance Authority to fund the acquisition and construction of the Stadium Project:

Sources	Series 2005A Bonds	Series 2007A Bonds	Combined
Bonds	\$ 400,000,000	\$ 211,525,000	\$ 611,525,000
Colts Contribution ⁽¹⁾	-0-	100,000,000	100,000,000
Other Sources ⁽²⁾	<u>41,739,065</u>	<u>58,260,935</u>	<u>100,000,000</u>
Total	\$ <u>441,739,065</u>	\$ <u>369,785,935</u>	\$ <u>811,525,000</u>
Uses			
Construction Costs of Stadium Project	\$ 316,412,598	\$ 344,508,413	\$ 661,421,011
Other Project Costs	60,250,000	-0-	60,250,000
Capitalized Interest	60,207,260	22,827,056	83,034,316
Costs of Issuance	<u>4,369,207</u>	<u>2,450,466</u>	<u>6,819,673</u>
Total	\$ <u>441,739,065</u>	\$ <u>369,785,935</u>	\$ <u>811,525,000</u>

(1) Under the terms of the Development Agreement, the Colts have contributed \$100,000,000 to the cost of constructing the Stadium Project.

(2) To date, the Board has made ground lease rental payments in the amount of \$50,000,000. All such ground lease rental payments have been deposited in the Capitalized Interest Account of the General Fund for the payment of interest on the Series 2005A/2007A Bonds. To date, the Board has contributed \$42,725,980, and, pursuant to the Sublease, is required to contribute, until the Stadium Project is completed, all Local Revenues in excess of any required ground lease rental payments, for deposit in the Contribution Account of the Project Fund. It is anticipated that such additional contributions will be approximately \$7.3 million. All such contributions will be used, to the extent necessary, to complete the construction of the Stadium Project.

SECURITY AND SOURCES OF PAYMENT FOR SERIES 2005A/2007A BONDS

General Description

The Series 2005A/2007A Bonds are special, limited obligations of the Finance Authority, payable solely from and secured exclusively by a pledge to the Trustee of the Trust Estate, which includes payments made by the Building Authority on the Series 2005A/2007A Building Authority Notes, all moneys obligated to be paid to the Trustee pursuant to the Revenue Deposit Agreement, the Lease and the Sublease, and the earnings thereon and all the proceeds thereof.

Pursuant to the Indenture, the Finance Authority may issue Additional Bonds on parity with the Series 2005A/2007A Bonds for the purpose of purchasing Additional Building Authority Notes issued by the Building Authority to the Finance Authority for the purpose of making loans to the Building Authority pursuant to the Loan Agreement to pay the costs of the Stadium Project. Each Additional Building Authority Note must be payable in full from an Obligation issued by the Board and from the Lease.

In connection with the issuance of the Series 2005A Bonds, the Building Authority entered into the Lease with the OMB, whereby the OMB agreed to rent and lease from the Building Authority the Stadium Project and the real estate on which it is constructed. Prior to completion of the Stadium Project, lease rentals will be paid only with respect to the real estate upon which the Stadium Project is to be constructed. Rentals under the Lease for the entirety of the Stadium Project will commence upon the issuance of a completion certificate by the Building Authority and the acceptance thereof by the OMB. Further, in connection with the issuance of the Series 2005A

Bonds, the OMB entered into the Sublease with the Board, whereby the Board agreed to rent and sublease from the OMB the Stadium Project and the real estate on which it is constructed. Prior to completion of the Stadium Project, sublease rentals will be paid only with respect to the real estate upon which the Stadium Project is to be constructed. See “APPENDIX C—SUMMARY OF CERTAIN PROVISIONS OF DOCUMENTS—THE LEASE” and “—THE SUBLEASE.”

Payment of rentals under the Lease (i) prior to completion of the Stadium Project, will be payable solely from rental payments received by OMB from the Board pursuant to the Sublease, and (ii) after completion of the Stadium Project, will be payable from (a) moneys appropriated by the General Assembly at the request of OMB on a biennial basis and (b) rental payments received by OMB from the Board pursuant to the Sublease. Rental payments received by OMB from the Board under the Sublease will act as a credit for rental payments due the Building Authority from OMB under the Lease and, to the extent of such credit, any appropriation of the General Assembly to make such payments will no longer be encumbered for such purpose and will revert to the fund for which the appropriation was originally made.

Under the terms of the Sublease and the Convention Center Sublease, and pursuant to the terms of the Revenue Deposit Agreement, rental payments required to be paid by the Board to the OMB will be made from the Local Revenues, which consist of (1) the 2005 New Excise Tax Revenues, (2) PSDA Revenues, (3) certain Fees and (4) all other Revenues pledged under the Revenue Deposit Agreement to the deposit trustee, The Bank of New York Trust Company, N.A. (the “Deposit Trustee”). The Local Revenues will be deposited in the Stadium and Convention Special Fund held by the Deposit Trustee. The Deposit Trustee has covenanted to transfer to the Trustee such amounts requested by the Trustee to make the required lease rental payments. The Revenue Deposit Agreement also creates a Lease Rental Reserve Fund which secures the lease rental payments by the Board under the Sublease and the Convention Center Sublease. The Finance Authority, the Building Authority and the OMB have agreed in the Revenue Deposit Agreement that payment by the Deposit Trustee to the Trustee for the purpose of paying sublease rental payments under the Sublease and the Convention Center Sublease will constitute payment of lease rentals under the Lease and the Convention Center Lease, respectively. Any such payments with respect to the Sublease will also be deemed to constitute payment of amounts due under the Series 2005A/2007A Building Authority Notes. For a more detailed description of the Local Revenues, See “APPENDIX B – SUMMARY OF LOCAL REVENUES.”

The Indenture creates a Reserve Fund which serves as security for the Series 2005A/2007A Bonds, but only to the extent of any insufficiency in the General Fund with which to pay the principal of and interest on the Series 2005A/2007A Bonds and only until the earlier of (i) the date on which the Stadium Project is available for use and occupancy or August 15, 2008, whichever is later, or (ii) the date on which no obligations payable from the Reserve Fund remain outstanding or could be payable thereafter from the Debt Service Reserve Account.

Once the Stadium Project is complete and available for use and occupancy, the Series 2005A/2007A Bonds will be primarily secured by lease rental payments made by OMB to the Building Authority via the Lease, which will in turn be paid to the Finance Authority via the Series 2005A/2007A Building Authority Notes. The rentals due under the Lease and the corresponding amounts due under the Series 2005A/2007A Building Authority Notes are required to be in an amount sufficient to pay all Debt Service (as defined in the Trust Indenture – see “APPENDIX C—SUMMARY OF CERTAIN PROVISIONS OF DOCUMENTS—THE INDENTURE”) due on the Series 2005A/2007A Bonds. The rentals due under the Lease are subject to appropriation of the necessary funds by the General Assembly on a biennial basis. Once the Stadium Project is complete and ready for use, the Board is obligated to make rental payments to the OMB under the Sublease, solely from the Local Revenues, in the same amount that OMB is required to pay rentals under its Lease with the Stadium Authority. Payment of such amounts under the Sublease is made directly to the Trustee pursuant to the Revenue Deposit Agreement, and work as a credit (and a corresponding release of the State appropriation) for the OMB’s rental obligations under the Lease. In the event the Local Revenues are insufficient to make a Sublease rental payment when due, the OMB is obligated to pay the amount of the insufficiency to the extent the General Assembly has appropriated funds for the payment under the Lease.

In the event the General Assembly should ever fail to make a biennial appropriation for rentals due under the Lease, the Sublease remains in full force and effect, and the Board remains obligated to pay Sublease rentals directly to the Building Authority in the amount that would have been due under the Lease.

In accordance with State law, the Series 2005A/2007A Bonds are limited obligations of the Finance Authority and do not constitute a charge against the general credit or taxing power of the State of Indiana.

Lease Rental Payments

Pursuant to the Amended and Restated Lease, dated as of September 1, 2005, as further amended by the First Addendum to the Amended and Restated Lease, dated as of March 1, 2007 (collectively, the “Lease”), between the Building Authority and OMB, the Series 2005A/2007A Bonds are payable on a parity basis from the Finance Authority via lease rentals received by the Building Authority from the OMB and paid to the Finance Authority through payments under the Series 2005A/2007A Building Authority Notes.

Payment of rentals under the Lease (i) prior to completion of the Stadium Project, will be payable solely from rental payments received by OMB from the Board pursuant to the Sublease, and (ii) after completion of the Stadium Project, will be payable from (a) moneys appropriated by the General Assembly at the request of OMB on a biennial basis and (b) rental payments received by OMB from the Board pursuant to the Sublease. Rental payments received by OMB from the Board under the Sublease will act as a credit for rental payments due the Building Authority from OMB under the Lease and, to the extent of such credit, any appropriation of the General Assembly to make such payments will no longer be encumbered for such purpose and will revert to the fund for which the appropriation was originally made.

Payment of rentals under the Lease described in clause (ii)(a) in the immediately preceding paragraph is subject to and dependent upon funds having been appropriated by the General Assembly, as well as the Stadium Project’s being fit for use and occupancy. With respect to rentals under the Lease to be paid from appropriations, in accordance with the State Constitution and other laws of the State, the General Assembly meets for a maximum period of 61 legislative days in every odd-numbered year and is to make appropriations for the biennium commencing on July 1 of each such year. The General Assembly also meets for a maximum period of 30 legislative days in intervening years and may make supplemental appropriations at such times. *See* “APPENDIX A – FINANCIAL AND ECONOMIC STATEMENT FOR STATE OF INDIANA.”

Sublease Rental Payments

The Amended and Restated Sublease Agreement, dated as of September 1, 2005 (the “Sublease”), between OMB and the Board, provides for the payment of rentals by the Board to the OMB. The OMB owes rentals to the Building Authority under the Lease. The Board’s obligations to pay rentals under the Sublease survive any termination of the Lease due to non-appropriation or for any other reason, so long as any bonds issued to finance the Stadium Project remain outstanding. The Board has pledged the Local Revenues as security for its obligation to make rental payments under the Sublease. *See* “APPENDIX B – SUMMARY OF LOCAL REVENUES.”

The Local Revenues have been earmarked by the Board, the OMB, the Building Authority and the Finance Authority to meet the debt service on the Series 2005A/2007A Bonds and the Convention Center Bonds. These Local Revenues, except for the Colts license plate fees, will be deposited directly with the Deposit Trustee by the State Treasurer upon warrants issued by the State Auditor. The State Budget Director has directed that the Colts license plate fees be deposited directly with the Deposit Trustee. Functionally, these Local Revenues will flow to the OMB from the Board via the Sublease and the Convention Center Sublease and to the Building Authority via the Lease and the Convention Center Lease, respectively. An overview of these projected tax revenue streams is outlined in this section, “SECURITY AND SOURCES OF PAYMENT FOR SERIES 2005A/2007A BONDS” and “APPENDIX B – SUMMARY OF LOCAL REVENUES.” It is important to note, however, that these Local Revenues are not directly pledged to the Series 2005A/2007A Bonds, but pursuant to the legislation they cannot be used for any other purpose besides obligations owed under the Obligations, which includes the Sublease and any Additional Obligations (as defined in the Revenue Deposit Agreement). *See* “Revenue Deposit Agreement” and “APPENDIX B—SUMMARY OF LOCAL REVENUES.”

Under State law, the Board may not obligate itself to pay lease rentals under the Sublease or the Convention Center Sublease (other than rentals for the real estate upon which the Stadium Project or the Convention Center Project, respectively, will be constructed) prior to completion of construction of the Stadium Project or the Convention Center Project, respectively, or for any period or periods during which the Stadium Project or the

Convention Center Project, respectively, is rendered unfit for use by casualty or condemnation or by other causes. Under such circumstances, the Sublease and the Convention Center Sublease provide that the lease rentals thereunder will abate for any period during which the Stadium Project and the Convention Center Project, respectively, or any portions thereof, are unfit for their intended use. Pursuant to the Development Agreement, dated September 21, 2005, effective as of September 1, 2005 (the “Development Agreement”), by and among the Building Authority, the Board and the Indianapolis Colts, Inc. (the “Colts”), the Building Authority has agreed to cause the construction of the Stadium Project to commence and diligently proceed to completion in accordance with the Project Schedule. The Project Schedule calls for the Stadium Project to be completed by the August 15, 2008. The Board is obligated under the terms of the Sublease and the Convention Center Sublease to purchase and maintain in effect throughout the term thereof rental value insurance for the benefit of the OMB in an amount at least equal to 30 months’ rent under the Sublease and the Convention Center Sublease, respectively, calculated at the level of annual rentals then in effect. *See* “APPENDIX C—SUMMARY OF CERTAIN PROVISIONS OF DOCUMENTS—THE SUBLEASE.”

Debt Service Reserve Account

Under the Indenture, there is created a Debt Service Reserve Fund (the “Reserve Fund”). Within the Reserve Fund, there is created the Debt Service Reserve Account (the “Debt Service Reserve Account”) and the Termination Reserve Account (the “Termination Reserve Account”). The Indenture provides for the Debt Service Reserve Account to be maintained in an amount equal to the Debt Service Reserve Requirement (the “Debt Service Reserve Requirement”), which means an amount equal to the maximum annual principal and interest requirements on the Series 2005A/2007A Bonds and any Additional Bonds through February 1, 2025, assuming that such Bonds bear interest at a rate of 4.491% per annum. At the time of issuance of the Series 2007A Bonds, the Debt Service Reserve Requirement was an amount equal to \$36,046,028. In any event, the Debt Service Reserve Requirement will be equal to zero on and after the earlier of (i) the date on which the Stadium Project is available for use and occupancy pursuant to the Sublease or August 15, 2008, whichever is later, or (ii) the date on which no obligations payable from the Debt Service Reserve Account remain outstanding or could be payable thereafter from the Debt Service Reserve Account. Notwithstanding the foregoing, in the event the Debt Service Reserve Requirement has not been reduced to zero as of August 15, 2008, as described in the preceding sentence, the Debt Service Reserve Requirement will not be less than \$36,028,671 on or after August 15, 2008.

The Finance Authority has covenanted to certify to the General Assembly any projected deficiency in the Debt Service Reserve Account on or before August 1 of the Fiscal Year (ending June 30), in which the deficiency is projected to occur. The Finance Authority has also covenanted to certify any such actual deficiency immediately to the General Assembly, regardless of whether such deficiency had been projected to occur. *See* “APPENDIX C—SUMMARY OF CERTAIN PROVISIONS OF DOCUMENTS—THE INDENTURE.”

On the final Conversion Date, a portion of the proceeds from the Series 2005A/2007A Bonds will be transferred to the Debt Service Reserve Account to satisfy the Debt Service Reserve Requirement.

Termination Reserve Account

Under the Indenture, the Termination Reserve Account has been established for the purpose of paying any termination payments, and any interest thereon, owed to the Series 2005A Qualified Hedging Contract Providers (who, in the aggregate, have provided an interest rate hedge in the amount of \$611,525,000, which is sufficient to hedge the outstanding Series 2005A/2007A Bonds). *See* “Hedging Program.” The amount required to be on deposit in the Termination Reserve Account, as of any date (the “Termination Reserve Requirement”), is equal to the aggregate of all termination payments, and any interest thereon, then owed to the Series 2005A Qualified Hedging Contract Providers. The Finance Authority has committed to certify immediately to the General Assembly the moral obligation of the State to pay the aggregate of all termination payments, and any interest thereon, owed to the Series 2005A Qualified Hedging Contract Providers in an amount not to exceed the Termination Reserve Requirement. The Trustee will deposit in the Termination Reserve Account all moneys required to be deposited therein pursuant to the Indenture and moneys appropriated by the General Assembly of the State as described above to cause the Termination Reserve Account to be equal to the Termination Reserve Requirement, together with such other moneys as directed by the Finance Authority, and will use the funds held in the Termination Reserve Account to pay the aggregate of all termination payments, and any interest thereon, owed to the Series 2005A Qualified

Hedging Contract Providers, in an amount not to exceed the Termination Reserve Requirement. *See* “APPENDIX C—SUMMARY OF CERTAIN PROVISIONS OF DOCUMENTS—THE INDENTURE.”

Moral Obligation (State Appropriations Mechanism)

The Finance Authority Act authorizes, subject to the prior review of the State Budget Committee and the approval of the State Budget Director (which review and approval have been conducted and received, respectively, with respect to the Series 2005A/2007A Bonds), the Indenture to provide that the Finance Authority or a person acting on behalf of the Finance Authority will certify to the General Assembly (i) any deficiency in the Debt Service Reserve Account resulting from the amount on deposit therein or deemed to be on deposit therein being less than the Debt Service Reserve Requirement, or any amount necessary to restore the Debt Service Reserve Account to the Debt Service Reserve Requirement; or (ii) the moral obligation of the State to pay the aggregate of all termination payments, and any interest thereon, owed to the Series 2005A Qualified Hedging Contract Providers in an amount not to exceed the Termination Reserve Requirement. However, nothing in these provisions or any other provision of the Finance Authority Act creates a debt or liability of the State to make any payments or appropriations to or for the use of the Finance Authority. There can be no representation or assurance (i) that a certificate from the Chairman of the Finance Authority, stating the amount of a deficiency in the Debt Service Reserve Account or the moral obligation of the State to pay the aggregate of all termination payments owed to the Series 2005A Qualified Hedging Contract Providers, would be taken up for any or for early consideration by the General Assembly, or (ii) that upon consideration of any such certificate, the General Assembly would determine to appropriate funds to reduce or eliminate such deficiency or to pay such termination payments, or (iii) that, in the event the General Assembly determined to make such an appropriation, the amounts thus appropriated would be forthcoming as of any particular date, or (iv) that the General Assembly would be as willing to appropriate funds for deposit in the Debt Service Reserve Account as it would for the Termination Reserve Account or vice versa.

In accordance with the State Constitution and other laws of the State, the General Assembly meets for a maximum period of 61 legislative days in every odd-numbered year in order to establish a budget and to make appropriations. The General Assembly also meets for a maximum period of 30 legislative days in intervening years in order to make supplemental appropriations. Because the General Assembly meets for only a portion of each year, there can be no representation or assurance that the General Assembly could, if it elected to do so, take timely action upon a certificate from the Chairman of the Finance Authority in order to provide funds to avoid a default in the payment of principal of or interest on the Series 2005A/2007A Bonds or to pay the aggregate of all termination payments, and any interest thereon, owed to the Series 2005A Qualified Hedging Contract Providers.

Allocation of Local Revenues During Construction Period

During the anticipated three-year construction period, it is estimated that Local Revenues will total approximately \$100,000,000. Approximately \$50,000,000 of such amount was used by the Board to make sublease rental payments semiannually in arrears each January 1 and July 1 during the period January 1, 2006, through January 1, 2008. Such amount will be used to pay capitalized interest on the Series 2005A/2007A Bonds, and any such moneys remaining unexpended, after the transfer for the last Interest Payment Date on or before August 15, 2009, will be transferred to the Proceeds Account of the Project Fund to pay the costs of the Stadium Project, to the General Account of the General Fund to pay debt service on the Series 2005A/2007A Bonds when due, or to the Redemption Account of the General Fund to redeem the Series 2005A/2007A Bonds, in each case, as determined by an Authorized Officer of the Finance Authority. The remaining amount of approximately \$50,000,000 will be deposited in the Contribution Account of the Project Fund as a direct contribution by the Board to the costs of the Stadium Project pursuant to the Revenue Deposit Agreement. Upon the date the Stadium Project is complete and ready for use and occupancy pursuant to the Sublease, the Trustee will transfer to the Redemption Account of the General Fund all moneys then on deposit therein, except those moneys necessary to provide for the payment of the remaining costs of the Stadium Project as then designated by an Authorized Building Authority Representative. Moneys on deposit in the Contribution Account of the Project Fund will not constitute part of the Trust Estate.

Covenants of Board

The Board, on behalf of Marion County, Indiana, covenants in the Revenue Deposit Agreement that neither the Marion County Admissions Tax, the Marion County Food and Beverage Tax nor the Marion County Innkeeper's

Tax will be repealed, amended or altered in any manner that would reduce or adversely affect the levy and collection of the Marion County Admissions Tax, the Marion County Food and Beverage Tax or the Marion County Innkeeper's Tax or reduce the rates or amounts of the Marion County Admissions Tax, the Marion County Food and Beverage Tax or the Marion County Innkeeper's Tax, so long as the Sublease and any other Obligation secured by the Revenue Deposit Agreement remains unpaid. The Board further covenants in the Revenue Deposit Agreement that it will not take or fail to take any action which would (i) reduce or adversely affect the levy and collection of the Marion County Supplemental Auto Rental Excise Tax, (ii) reduce the rates or amounts of the Marion County Supplemental Auto Rental Excise Tax, or (iii) result in a materially adverse reduction in the Revenues, so long as the Sublease and any other Obligation secured by the Revenue Deposit Agreement remains unpaid.

Revenue Deposit Agreement

The Stadium and Convention Special Fund is a fund created under the Amended and Restated Stadium and Convention Special Fund Revenue Deposit Agreement (the "Revenue Deposit Agreement"), dated as of September 1, 2005, among the Board, the Building Authority, the OMB, the Finance Authority, the State Budget Director and the Deposit Trustee, and is not a fund under the Indenture, the Lease or the Sublease. Deposits to the Stadium and Convention Special Fund are governed by the Revenue Deposit Agreement. Under the Board Act, the Finance Authority Act and the Revenue Deposit Agreement, the gross proceeds of the 2005 New Excise Tax Revenues, the PSDA Revenues and the Fees are required to be deposited in the Stadium and Convention Special Fund.

From amounts on deposit in the Stadium and Convention Special Fund, the Deposit Trustee will deposit to the Lease Rental Payment Account (as defined in the Revenue Deposit Agreement) established for the purpose of paying rentals due under the Sublease and other Obligations secured by the Revenue Deposit Agreement on the 20th day of each month, commencing on the January 20 immediately preceding each Lease Year (the 12-month period beginning on July 1 and ending on the following June 30) the gross proceeds of the 2005 New Excise Tax Revenues, the PSDA Revenues and the Fees until the amount deposited in that month equals one-tenth of the total of the annual payment requirements relating to all Obligations of the Board payable from the 2005 New Excise Tax Revenues, the PSDA Revenues and the Fees. No further deposits will be made after the required amount has been deposited until resumed in the ensuing year, except as permitted under the Revenue Deposit Agreement. The other Obligations secured by the Lease Rental Payment Account include any sublease agreement relating to the Convention Center Project entered into by OMB and the Board, any supplemental subleases related thereto and any supplemental subleases related to the Sublease. *See* "APPENDIX C—SUMMARY OF CERTAIN PROVISIONS OF DOCUMENTS—THE REVENUE DEPOSIT AGREEMENT."

Under the Revenue Deposit Agreement, the Building Authority, the Finance Authority and the OMB acknowledge and agree that payments of amounts from the Stadium and Convention Special Fund to the Trustee will simultaneously constitute payments of lease rentals under the Lease and the Sublease, and payment of principal, interest and other amounts due on the Series 2005A/2007A Building Authority Notes. Additionally, under the Revenue Deposit Agreement, the Deposit Trustee is required to transfer out of the accounts and subaccounts maintained thereunder to the Trustee the amount requested in writing by the Trustee necessary to make all such rental payments under the Lease and the Sublease.

Hedging Program

The Finance Authority has entered into interest rate exchange transactions pursuant to ISDA Master Agreements (collectively, the "Swap Agreement") with the Series 2005A Qualified Hedging Contract Providers. The intent of the Swap Agreement and associated transactions is to effectively convert the Finance Authority's variable rate exposure on the Series 2005A/2007A Bonds to a fixed rate exposure, beginning August 15, 2008. The transaction is a forward floating-to-fixed interest rate swap (the "Stadium Swap") in connection with the issuance of the Series 2005A/2007A Bonds, the proceeds of which have been and are being utilized by the Building Authority in connection with the Stadium Project.

The Stadium Swap is in a notional amount equal \$611,525,000, being the aggregate principal amount of the Series 2005A/2007A Bonds. The Series 2005A Qualified Hedging Contract Providers to the Stadium Swap are Bear Stearns Financial Products, Inc. ("Bear Stearns"), Goldman Sachs Capital Markets, L.P. ("Goldman Sachs"),

and JPMorgan Chase Bank, N.A. (“JPMorgan Chase Bank”). The notional principal amount of the Swap Agreement with Bear Stearns is \$189,572,750, the notional principal amount with Goldman Sachs is \$269,071,000, and the notional principal amount with JPMorgan Chase Bank is \$152,881,250. The Finance Authority expects that, on the final Conversion Date, the Finance Authority, JPMorgan Chase Bank and Bear Stearns will enter into a novation agreement, under which Bear Stearns will relinquish and be released from, and JPMorgan Chase Bank will acquire and assume, all rights and obligations of Bear Stearns under the Stadium Swap. The Stadium Swap is designed to hedge the exposure of the Finance Authority against interest rate fluctuations arising from the variable rates borne by the Series 2005A/2007A Bonds. Pursuant to the Stadium Swap, the Finance Authority will pay interest to the Series 2005A Qualified Hedging Contract Providers on the notional amount at a fixed rate per annum of 4.231%, and the Series 2005A Qualified Hedging Contract Providers will pay interest on the same notional amount to the Finance Authority at a variable rate based on the Securities Industry and Financial Markets Association Municipal Swap Index (the “SIFMA Index”). The Finance Authority intends that the payments by the Series 2005A Qualified Hedging Contract Providers based on the SIFMA Index will closely correspond to the debt service payments due to Bondholders on the Series 2005A/2007A Bonds. Payments received under the Swap Agreement will provide a source of credit and security for the Series 2005A/2007A Bonds. The obligation of the Finance Authority to pay hedge payments under the Swap Agreement is secured by a pledge of the Trust Estate on parity with the pledge of the Trust Estate under the Indenture to the payment of debt service on the Series 2005A/2007A Bonds.

Arrangements between the Finance Authority and the Series 2005A Qualified Hedging Contract Providers do not alter the Finance Authority’s obligation to pay the principal of and interest on the Series 2005A/2007A Bonds. Depending on market conditions and other factors affecting the variable rates on the Series 2005A/2007A Bonds, the payments under the Swap Agreement may not match the interest payments on the Series 2005A/2007A Bonds. Under certain limited circumstances, principally being a default under the Swap Agreement by the Finance Authority or by one of the Series 2005A Qualified Hedging Contract Providers, or significant rating reductions with respect to either party, the transactions under the Swap Agreement may be terminated in part or in whole prior to its stated expiration. Following a termination of the Swap Agreement, either the Finance Authority or the Series 2005A Qualified Hedging Contract Providers will owe a termination payment to the other, depending upon market conditions at the time of termination. Under certain market conditions, the Finance Authority could owe a termination payment to the Series 2005A Qualified Hedging Contract Providers and that payment could be material to the Finance Authority. The Finance Authority is authorized to make termination payments to the Series 2005A Qualified Hedging Contract Providers under the Swap Agreement from amounts on deposit in the Termination Reserve Account and such payments will be subordinate to the payments of the principal of and interest on the Series 2005A/2007A Bonds to the holders thereof, and the hedge payments owed by the Finance Authority to the Series 2005A Qualified Hedging Contract Providers pursuant to the Stadium Swap. See “SECURITY AND SOURCES OF PAYMENT FOR SERIES 2005A/2007A BONDS.”

The Finance Authority has by resolution adopted a “Master Swap Policy” (the “Policy”) which is intended to provide guidance and direction to the Finance Authority in connection with the execution of swap transactions and related agreements. The Policy provides that a swap will be “entered into not for the purpose of speculation but solely in connection with the financing or investment activities of the Finance Authority, including without limitation, converting interest on all or a portion of the Finance Authority’s debt from a fixed rate to a floating rate, or from a floating rate to a fixed rate or from one floating rate to a different floating rate, reducing the cost of borrowing on its outstanding debt”

In accordance with the Policy and in anticipation of the issuance of the Convention Center Bonds, the Finance Authority has entered into interest rate exchange transactions pursuant to ISDA Master Agreements (collectively, the “Convention Center Swap Agreement”) with multiple counterparties (the “Convention Center Qualified Hedging Contract Providers”). The intent of the Convention Center Swap Agreement and associated transactions is to effectively convert the Finance Authority’s variable rate exposure on all or a substantial portion of the aggregate principal amount of the Convention Center Bonds to a fixed rate exposure, beginning December 1, 2010, the expected completion date of the Convention Center Project. The transaction is a forward floating-to-fixed rate swap (the “Convention Center Swap”) in anticipation of the issuance of the Convention Center Bonds, the proceeds of which will be utilized by the Building Authority in connection with the Convention Center Project.

The Convention Center Swap is in a notional amount equal to \$265,175,000, which is equal to the aggregate principal amount of Convention Center Bonds anticipated to be issued in order to pay the costs of the acquisition, financing and construction of the Convention Center Project. The Convention Center Qualified Hedging Contract Providers are Bear Stearns, Goldman Sachs, JPMorgan Chase Bank and Merrill Lynch Capital Services, Inc. (“Merrill Lynch”). The notional principal amount of the Convention Center Swap Agreement with Bear Stearns is \$63,642,000, the notional principal amount with Goldman Sachs is \$98,114,750, the notional principal amount with JPMorgan Chase Bank is \$66,293,750, and the notional principal amount with Merrill Lynch is \$37,124,500. The Convention Center Swap is designed to hedge the exposure of the Finance Authority against interest rate fluctuations arising from the variable rates to be borne by that portion of the aggregate principal amount of the Convention Center Bonds equal to the notional amount of the Convention Center Swap. Pursuant to the Convention Center Swap, the Finance Authority will pay interest to the Convention Center Qualified Hedging Contract Providers at a fixed rate per annum of 4.556% on the notional amount, and the Convention Center Qualified Hedging Contract Providers will pay interest on the same notional amount to the Finance Authority at a variable rate based on the SIFMA Index. The Finance Authority intends that the payments by the Convention Center Qualified Hedging Contract Providers based on the SIFMA Index will closely correspond to the debt service payments with respect to that portion of the aggregate principal amount of the Convention Center Bonds equal to the notional amount of the Convention Center Swap. Payments received under the Convention Center Swap Agreement will provide a source of credit and security for the Convention Center Bonds.

No Mortgage

The Trust Estate does not include, and holders of the Series 2005A/2007A Bonds will not receive, any mortgage, lien or security interest in the Stadium Project.

Enforceability of Rights, Remedies

The enforceability of the rights and remedies of the Trustee, the holders of the Series 2005A/2007A Bonds, the Finance Authority, the Building Authority, the OMB and the Board are limited. *See* “ENFORCEABILITY OF REMEDIES.”

Special Considerations

Remarketing Agents are Paid by Finance Authority. The Remarketing Agents’ responsibilities include determining the interest rate from time to time and remarketing Series 2005A/2007A Bonds that are optionally or mandatorily tendered by the owners thereof (subject, in each case, to the terms of the Remarketing Agreements), all as further described in this Official Statement. The Remarketing Agents are appointed by the Finance Authority and are paid by the Finance Authority for their services. As a result, the interests of the Remarketing Agents may differ from those of existing holders and potential purchasers of Series 2005A/2007A Bonds.

Remarketing Agents Routinely Purchase Bonds for their Own Accounts. The Remarketing Agents act as remarketing agents for a variety of variable rate demand obligations and, in their sole discretion, routinely purchase such obligations for their own account. The Remarketing Agents are permitted, but not obligated, to purchase tendered Series 2005A/2007A Bonds for their own accounts and, in their sole discretion, routinely acquire such tendered Series 2005A/2007A Bonds in order to achieve a successful remarketing of the Series 2005A/2007A Bonds (*i.e.*, because there otherwise are not enough buyers to purchase the Series 2005A/2007A Bonds) or for other reasons. However, the Remarketing Agents are not obligated to purchase Series 2005A/2007A Bonds, and may cease doing so at any time without notice. If a Remarketing Agent ceases to purchase Series 2005A/2007A Bonds, it may be necessary for the Trustee to draw on the Liquidity Facility. The Remarketing Agents may also make a market in the Series 2005A/2007A Bonds by routinely purchasing and selling Series 2005A/2007A Bonds other than in connection with an optional or mandatory tender and remarketing. Such purchases and sales must be at fair market value, which may be at or below par. However, the Remarketing Agents are not required to make a market in the Series 2005A/2007A Bonds. The Remarketing Agents may also sell any Series 2005A/2007A Bonds they have purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce their exposure to the Series 2005A/2007A Bonds. The purchase of Series 2005A/2007A Bonds by the Remarketing Agents may create the appearance that there is greater

third party demand for the Series 2005A/2007A Bonds in the market than is actually the case. The practices described above also may result in fewer Series 2005A/2007A Bonds being tendered in a remarketing.

Bonds May be Offered at Different Prices on Any Date. Pursuant to the Remarketing Agreements, each Remarketing Agent is required to determine, on and as of each Rate Determination Date (as defined herein), the minimum rate of interest which, in the opinion of such Remarketing Agent under then-existing market conditions, would result in the sale of the Series 2005A/2007A Bonds at a price equal to the principal amount thereof, plus any interest accrued through such Rate Determination Date. At the time the new rate becomes effective, such Remarketing Agent is required to use its best efforts to remarket the Series 2005A/2007A Bonds at par. The interest rate will reflect, among other factors, the level of market demand for the Series 2005A/2007A Bonds (including whether such Remarketing Agent is willing to purchase Series 2005A/2007A Bonds for its own account). There may or may not be Series 2005A/2007A Bonds tendered and remarketed on a Rate Determination Date, such Remarketing Agent may or may not be able to remarket any Series 2005A/2007A Bonds tendered for purchase on such date at par and such Remarketing Agent may sell Series 2005A/2007A Bonds at varying prices to different investors on such date or any other date. The Remarketing Agents are not obligated to advise purchasers in a remarketing if they do not have third party buyers for all of the Series 2005A/2007A Bonds at the remarketing price. In the event a Remarketing Agent owns any Series 2005A/2007A Bonds for its own account, it may, in its sole discretion in a secondary market transaction outside the tender process, offer such Series 2005A/2007A Bonds on any date, including any Rate Determination Date, at a discount to par to some investors.

Ability to Sell Bonds other than through Tender Process May Be Limited. The Remarketing Agents may buy and sell Series 2005A/2007A Bonds other than through the tender process. However, the Remarketing Agents are not obligated to do so and may cease doing so at any time without notice and may require holders that wish to tender their Series 2005A/2007A Bonds to do so through the Tender Agent with appropriate notice. Thus, investors who purchase the Series 2005A/2007A Bonds, whether in a remarketing or otherwise, may not be able to sell their Series 2005A/2007A Bonds other than by tendering the Series 2005A/2007A Bonds in accordance with the tender process.

Remarketing Agents May Be Removed, Resign or Cease Remarketing Bonds, Without Successor Being Named. Under certain circumstances, any Remarketing Agent may be removed or resign or cease its remarketing efforts, without a successor having been named, subject to the terms of the Remarketing Agreements. In the event there is no Remarketing Agent, the Trustee may assume such duties as described in the Indenture.

Liquidity Facility. Under the Standby Purchase Agreement, each Bank agrees, severally and not jointly, to purchase Series 2005A/2007A Bonds bearing interest at a Daily Rate or Weekly Rate tendered for purchase but not remarketed, up to the amount of its Pro Rate Share of the Available Commitment, but in no event to exceed its Commitment. See “LIQUIDITY FACILITY—Standby Purchase Agreement” and “APPENDIX E—BANKS.”

The ability of the Banks to purchase any Series 2005A/2007A Bonds under the Standby Purchase Agreement may be impaired in the event of a deterioration of the financial condition of any Bank, as the obligation of each Bank under the Standby Purchase Agreement represents a general, unsecured claim against the assets of such Bank. In the event of a default by any Bank under the Standby Purchase Agreement, no insurance proceeds from the Federal Deposit Insurance Corporation or any other governmental agency, instrumentality or authority would be available to purchase any Series 2005A/2007A Bonds. See “LIQUIDITY FACILITY—Standby Purchase Agreement” and “APPENDIX E—BANKS.”

Enforcement of remedies provided in the Indenture with respect to payments to be made by any Bank under the Standby Purchase Agreement may be limited by bankruptcy or other laws relating to creditors’ rights generally in the event of insolvency or liquidation of any Bank. See “LIQUIDITY FACILITY—Standby Purchase Agreement” and “APPENDIX E—BANKS.”

Performance by each Bank of its obligations under the Standby Purchase Agreement is subject to the satisfaction of certain conditions by the Trustee, as set forth in the Standby Purchase Agreement. See “LIQUIDITY FACILITY—Standby Purchase Agreement—Method of Purchasing” and “—Conditions.” Bondholders are thus dependent upon the Trustee’s acting to satisfy such conditions before they will receive the benefit of the Standby Purchase Agreement. Furthermore, the question of whether the Trustee has properly satisfied such conditions is a

question of fact which, if disputed, could delay or defeat the Trustee's rights of enforcement of the Standby Purchase Agreement.

The Bank of New York Trust Company, N.A., which is serving as the Trustee, and The Bank of New York, which is one of the Banks under the Standby Purchase Agreement, are direct or indirect subsidiaries of The Bank of New York Mellon Corporation. The Trustee's affiliation with such Bank and the Trustee's duties to Bondholders subject the Trustee to potential conflicts of interest, which may adversely affect the Trustee's discharge of its duties to Bondholders.

Under the Indenture, the Finance Authority may provide any Alternate Liquidity Facility issued by any Liquidity Provider, in substitution for the Standby Purchase Agreement or any other Liquidity Facility. *See* "LIQUIDITY FACILITY—Alternate Liquidity Facility; Credit Facility."

The Standby Purchase Agreement will expire on March 28, 2011, and, prior thereto, may automatically terminate or be suspended, without any notice or opportunity for any optional or mandatory tender, upon the occurrence of certain events related to the Authority. *See* "LIQUIDITY FACILITY—Standby Purchase Agreement—Reduction in Commitments," "—Termination," "—Events of Default" and "—Remedies."

DESCRIPTION OF SERIES 2005A/2007A BONDS

This Official Statement describes the terms and conditions of the Series 2005A/2007A Bonds only while the Series 2005A/2007A Bonds bear interest at Daily Rates or Weekly Rates. It is currently anticipated that, should any of the Series 2005A/2007A Bonds be converted to bear interest at a Flexible Rate, a Term Rate, an Auction Rate or a Fixed Rate, such Series 2005A/2007A Bonds will be subject to mandatory tender, and a remarketing memorandum or remarketing circular will be distributed describing the Series 2005A/2007A Bonds following such conversion.

Conversion

On October 13, 2005, the Finance Authority issued the Series 2005A Bonds, and on March 28, 2007, the Finance Authority issued the Series 2007A Bonds. The Series 2005A/2007A Bonds were initially issued in the Auction Rate Securities Mode. On March 13, 2008, the Finance Authority gave notice to the Trustee of its intention to change the Mode of all Series 2005A/2007A Bonds from the Auction Rate Securities Mode to the Weekly Mode, effective on the following Conversion Dates: (i) for the Series 2005A-1 Bonds, April 1, 2008; (ii) for the Series 2005A-2 Bonds, April 2, 2008; (iii) for the Series 2005A-3 Bonds, March 31, 2008; (iv) for the Series 2005A-4 Bonds, March 28, 2008; (v) for the Series 2005A-5 Bonds, March 31, 2008; (vi) for the Series 2007A-1 Bonds, April 1, 2008; (vii) for the Series 2007A-2 Bonds, April 3, 2008; and (viii) for the Series 2007A-3 Bonds, March 28, 2008. If, on the Conversion Date of any Series 2005A/2007A Bonds, all conditions precedent to the change in the Mode of such Series 2005A/2007A Bonds to the Weekly Mode are satisfied, such Series 2005A/2007A Bonds will be mandatorily purchased from those holding such Series 2005A/2007A Bonds immediately prior to such Conversion Date, and may be remarketed to new purchasers in accordance with this offering on such Conversion Date.

General Description

The Series 2005A/2007A Bonds in the Daily Mode or Weekly Mode will be in denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof (such denominations, "Authorized Denominations" for Series 2005A/2007A Bonds in the Daily Mode or Weekly Mode).

The Series 2005A/2007A Bonds will be fully registered bonds, registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), pursuant to DTC's Book-Entry Only System. Purchases of beneficial interests in the Series 2005A/2007A Bonds will be made in book-entry form, without certificates. If at any time the Book-Entry Only System is discontinued for the Series 2005A/2007A Bonds, the Series 2005A/2007A Bonds will be exchangeable for other fully registered certificated Series 2005A/2007A Bonds of the same series in any authorized denominations, maturity and interest rate. *See* "APPENDIX F – BOOK-ENTRY ONLY SYSTEM."

Payment of Principal and Interest

From and after the Conversion Date of any Series 2005A/2007A Bonds, such Series 2005A/2007A Bonds in the Weekly Mode will bear interest at the Weekly Rate, established in accordance with the Indenture by the Remarketing Agent therefor set forth on the inside cover.

The interest on the Series 2005A/2007A Bonds in the Daily Mode or Weekly Mode will become due and payable on (i) the first Business Day of each month, beginning (a) for the Series 2005A-3 Bonds, the Series 2005A-4 Bonds, the Series 2005A-5 Bonds and the Series 2007A-3 Bonds, April 1, 2008, and (b) for the Series 2005A-1 Bonds, Series 2005A-2 Bonds, Series 2007A-1 Bonds and Series 2007A-2 Bonds, May 1, 2008, (ii) any date on which another Mode for such Series 2005A/2007A Bonds begins (other than a change between a Daily Mode and a Weekly Mode) and (iii) the maturity date of such Series 2005A/2007A Bonds (each of (i), (ii) and (iii), an “Interest Payment Date” for Series 2005A/2007A Bonds in the Daily Mode or Weekly Mode), and on any redemption or acceleration thereof. The principal of any Series 2005A/2007A Bonds will become due and payable on each date upon which the principal amount of such Series 2005A/2007A Bonds is due under the Indenture, including the maturity date thereof and the date of any redemption or acceleration thereof (each, a “Principal Payment Date”).

Unless otherwise provided by DTC or any successor securities depository designated by the Finance Authority (DTC or such successor securities depository, a “Securities Depository”), the interest on the Series 2005A/2007A Bonds will be paid by Trustee or any successor paying agent under the Indenture (the “Paying Agent”) on the Interest Payment Dates by wire transfer of immediately available funds to an account specified by the Owner in a writing delivered to the Paying Agent. Any such specified account will remain in effect until revised by such Owner by an instrument in writing delivered to the Paying Agent. The principal of and premium, if any, on each Series 2005A/2007A Bond will be payable on the Principal Payment Date, upon surrender thereof at the office of the Paying Agent.

The Paying Agent, the Trustee, the Remarketing Agent, the Building Authority and the Finance Authority may treat the Owner of any Series 2005A/2007A Bond as the absolute owner thereof for all purposes, whether or not such Series 2005A/2007A Bond is overdue, and the Paying Agent, the Trustee, the Remarketing Agent, the Building Authority and the Finance Authority will not be affected by any knowledge or notice to the contrary. Payment of the principal of and premium, if any, and interest on such Series 2005A/2007A Bond will be made only to such Owner, which payments will be valid and effectual to satisfy and discharge the liability of such Series 2005A/2007A Bond to the extent of the sum or sums so paid.

Each Series 2005A/2007A Bond will bear interest at the applicable rate or rates during each period during which such Series 2005A/2007A Bond accrues interest payable on the next Interest Payment Date applicable thereto (each such period, an “Interest Accrual Period”), until the entire principal amount of such Series 2005A/2007A Bond has been paid. Each Interest Accrual Period will commence on (and include) the last Interest Payment Date to which interest has been paid to, but not including, the Interest Payment Date on which interest is to be paid. If, at the time of authentication of any Series 2005A/2007A Bond, interest is in default or overdue on the Series 2005A/2007A Bonds, the Series 2005A/2007A Bonds will bear interest from the date to which interest has previously been paid in full or made available for payment in full on outstanding Series 2005A/2007A Bonds.

In any case where the date of maturity of, interest on or principal of the Series 2005A/2007A Bonds or the date fixed for redemption of any Series 2005A/2007A Bonds is a date other than a Business Day (*i.e.*, any day other than (i) a Saturday or Sunday, (ii) a day on which the Trustee, Paying Agent or Remarketing Agent is required or authorized to be closed, (iii) a day on which the office of the Credit Provider or Liquidity Provider at which it will pay draws or advances are required or authorized to be closed or (iv) a day on which The New York Stock Exchange is closed or the payment system of the Federal Reserve is not in operation (each such day, a “Business Day”), then payment of interest or principal may be made on the succeeding Business Day with the same force and effect as if made on the date of maturity or the date fixed for redemption.

If, on any date upon which any Series 2005A/2007A Bonds are to be purchased, redeemed or paid at maturity or earlier due date, funds are on deposit with the Paying Agent or the Trustee to pay the full amount due on such Series 2005A/2007A Bonds, the Owner or Beneficial Owner thereof will have no rights under the Indenture

other than to receive such full amount due with respect to such Series 2005A/2007A Bonds, and interest on such Series 2005A/2007A Bonds will cease to accrue as of such date.

When the Daily Mode or Weekly Mode is in effect, interest will be calculated on the basis of a 365/366 day year for the actual number of days elapsed. Payment of interest on each Series 2005A/2007A Bond in the Daily Mode or Weekly Mode will be made on each Interest Payment Date for such Series 2005A/2007A Bond for unpaid interest accrued during the Interest Accrual Period to the Owner of record of such Series 2005A/2007A Bond on the last Business Day before such Interest Payment Date (each, a “Record Date” for Series 2005A/2007A Bonds in the Daily Mode or Weekly Mode).

Determination of Interest Rates

Daily Rates. While any Series 2005A/2007A Bonds are in the Daily Mode, such Series 2005A/2007A Bonds will bear interest, during each period commencing on a Business Day to but not including the next succeeding Business Day (each such period, a “Daily Rate Period”), at a per annum rate (the “Daily Rate”), determined by the Remarketing Agent on the Business Day on which such Daily Rate Period commences (each such Business Day, a “Rate Determination Date” for Series 2005A/2007A Bonds in the Daily Mode). The Daily Rate for each Daily Rate Period will be the rate of interest per annum determined by the Remarketing Agent, by 10:00 a.m. on and as of the applicable Rate Determination Date, as the minimum rate of interest which, in the opinion of the Remarketing Agent under then-existing market conditions, would result in the sale of the Series 2005A/2007A Bonds in the Daily Rate Period at a price equal to the principal amount thereof, plus any interest accrued through the Rate Determination Date during the then current Interest Accrual Period. The Daily Rate for any day during the Daily Mode which is not a Business Day will be the Daily Rate established on the immediately preceding Rate Determination Date.

The Remarketing Agent will make the Daily Rate available no less frequently than once each week by telephone or by telecopy, facsimile transmission, e-mail transmission or other similar electronic means of communication providing evidence of transmission, including telephone communication confirmed by any other such method (any such method, “Electronic Means”), to any Beneficial Owner requesting such rate.

Weekly Rates. While any Series 2005A/2007A Bonds are in the Weekly Mode, such Series 2005A/2007A Bonds will bear interest, during each period commencing on Thursday of each week to and including Wednesday of the following week (each such period, a “Weekly Rate Period”), at a per annum rate (the “Weekly Rate”), determined by the Remarketing Agent on the Wednesday immediately preceding such Weekly Rate Period (or, if such Wednesday is not a Business Day, then the Business Day next succeeding such Wednesday) (each such date, a “Rate Determination Date” for Series 2005A/2007A Bonds in the Weekly Mode). The first Weekly Rate Period for any Series 2005A/2007A Bonds in the Weekly Mode will be the period from the day on which the Weekly Mode for such Series 2005A/2007A Bonds begins to and including Wednesday of the following week. The last Weekly Rate Period for any Series 2005A/2007A Bonds in the Weekly Mode, prior to the day on which another Mode for such Series 2005A/2007A Bonds begins (any such day, a “Mode Change Date” for such Series 2005A/2007A Bonds), will be the period from and including the Thursday of the week prior to such Mode Change Date to and including the day next preceding such Mode Change Date. The first Rate Determination Date of any Series 2005A/2007A Bonds in the Weekly Mode will be the Business Day prior to the Mode Change Date of such Series 2005A/2007A Bonds.

The Weekly Rate for each Weekly Rate Period will be the rate of interest per annum determined by the Remarketing Agent, by 4:00 p.m. on and as of the applicable Rate Determination Date, as the minimum rate of interest which, in the opinion of the Remarketing Agent under then-existing market conditions, would result in the sale of the Series 2005A/2007A Bonds in the Weekly Rate Period at a price equal to the principal amount thereof, plus any interest accrued through the Rate Determination Date during the then current Interest Accrual Period.

The Remarketing Agent will make the Weekly Rate available no later than 12:00 noon on the Business Day following the Rate Determination Date by telephone or Electronic Means to any Beneficial Owner requesting such rate.

Maximum Rate. No Series 2005A/2007A Bond will bear interest at an interest rate higher than the lesser of (i) 15% per annum or (ii) the highest rate allowed by law (the lesser of (i) or (ii), the “Maximum Rate”).

Rate Determination Conclusive and Binding. In the absence of manifest error, the determination of interest rates and interest periods by the Remarketing Agent and the record of interest rates maintained by the Paying Agent will be conclusive and binding upon the Remarketing Agent, the Paying Agent, the Trustee, the Finance Authority, the Building Authority, the Owners and the Beneficial Owners.

Alternate Rates. If, while the Series 2005A/2007A Bonds are in the Daily Mode or Weekly Mode, (i) the Remarketing Agent fails or is unable to determine the interest rate for the Series 2005A/2007A Bonds or the period that the Series 2005A/2007A Bonds bear interest at the rate which becomes effective at the beginning of such period (such period, an “Interest Period”), (ii) the method by which the Remarketing Agent determines the interest rate or Interest Period with respect to the Series 2005A/2007A Bonds is held to be unenforceable by a court of law of competent jurisdiction or (iii) the Remarketing Agent suspends its remarketing effort in accordance with any remarketing agreement relating to the Series 2005A/2007A Bonds entered into by and between the Finance Authority and the Remarketing Agent (each, a “Remarketing Agreement”), then the Series 2005A/2007A Bonds in the Daily Mode or Weekly Mode will bear interest during each subsequent Interest Period at a rate per annum, in effect on the first day of such Interest Period, equal to (a) the Securities Industry and Financial Markets Association Municipal Swap Index (the “SIFMA Rate”) most recently available as of the date of determination or (b) if such index is no longer available, or if the SIFMA Rate is no longer published, the Kenny Index, or, if neither the SIFMA Rate nor the Kenny Index is published, the index determined to equal the prevailing rate determined by the Remarketing Agent (or the Tender Agent if there is no Remarketing Agent, the Remarketing Agent fails to make any such determination or the Remarketing Agent has suspended its remarketing efforts in accordance with the Remarketing Agreement) for tax-exempt state and local government bonds meeting criteria determined in good faith by the Remarketing Agent (or the Tender Agent if there is no Remarketing Agent, the Remarketing Agent fails to make any such determination or the Remarketing Agent has suspended its remarketing efforts in accordance with its Remarketing Agreement) to be comparable under the circumstances to the criteria used by the Securities Industry and Financial Markets Association to determine the SIFMA Rate just prior to when the Securities Industry and Financial Markets Association stopped publishing the SIFMA Rate ((a) or (b), the “Alternate Rate”). The interest rates on the Series 2005A/2007A Bonds will be so determined from and after the date any of the events described in clause (i), (ii) or (iii) above first become applicable to the Series 2005A/2007A Bonds until such time as the events described in clause (i), (ii) or (iii) above are no longer applicable to the Series 2005A/2007A Bonds.

Changes to Modes

At the option of the Finance Authority, the Series 2005A/2007A Bonds may be converted to bear interest at a Daily Rate, a Weekly Rate, a Flexible Rate, a Term Rate, an Auction Rate or a Fixed Rate. On any Mode Change Date for any Series 2005A/2007A Bonds (other than a change from the Daily Mode to the Weekly Mode or from the Weekly Mode to the Daily Mode), such Series 2005A/2007A Bonds are subject to mandatory tender for purchase. *See “Tender for Purchase—Mandatory Tender for Purchase.”*

It is currently anticipated that, should any of the Series 2005A/2007A Bonds be converted to bear interest at a Flexible Rate, a Term Rate, an Auction Rate or a Fixed Rate, a remarketing memorandum or remarketing circular will be distributed describing the Series 2005A/2007A Bonds following such conversion.

Changes to Modes Other Than to Fixed Rate Mode. All or any portion of the Series 2005A/2007A Bonds (other than Series 2005A/2007A Bonds in the Fixed Rate Mode) may be changed from one Mode to another Mode (other than the Fixed Rate Mode), as described below.

The Finance Authority may give written notice to the Trustee, the Remarketing Agent and the Liquidity Provider of its intention to effect a change in the Mode from the Mode then prevailing to another Mode (the “New Mode”) specified in such written notice. Notice of the proposed change in Mode will be given by the Tender Agent or the Trustee, as the case may be, to the Owners of the Series 2005A/2007A Bonds not less than the 15th day next preceding the Mode Change Date. However, no notice need be given for a Mode Change Date occurring on a Substitution Date (as defined herein). Such notice will state: (1) the Mode to which the conversion will be made and

the Mode Change Date; (2) except in the case of a change from the Daily Mode to the Weekly Mode or from the Weekly Mode to the Daily Mode, that the Series 2005A/2007A Bonds will be subject to mandatory purchase on the Mode Change Date (regardless of whether all of the conditions to the change in the Mode are satisfied) and the Purchase Price (as defined herein) of the Series 2005A/2007A Bonds; and (3) if the Book-Entry System is no longer in effect, information with respect to required delivery of Series 2005A/2007A Bond certificates and payment of Purchase Price.

In the case of a change from the Daily Mode or Weekly Mode, the Mode Change Date may be any Business Day. However, in the case of a change from the Daily Mode or Weekly Mode to an Auction Rate Securities Mode, the Mode Change Date must be a regularly scheduled Interest Payment Date for the Daily Mode or Weekly Mode.

The following items must be delivered to the Trustee, the Paying Agent and the Remarketing Agent, on or prior to the Mode Change Date:

(i) in the case of a change from the Daily Mode or Weekly Mode to the Term Rate Mode, the Fixed Rate Mode or the Auction Rate Securities Mode, an unqualified opinion of any firm of nationally recognized municipal bond attorneys, selected by the Finance Authority and experienced in the issuance of municipal bonds and matters relating to the excludability of the interest thereon from gross income for federal income tax purposes, to the effect that such action is permitted under the Finance Authority Act and the Indenture and will not adversely affect the excludability of interest on the Series 2005A/2007A Bonds from gross income for federal income tax purposes (a “Favorable Opinion of Bond Counsel”), dated the Mode Change Date and addressed to the Finance Authority, the Trustee and the Remarketing Agent;

(ii) if there is to be a Liquidity Facility, an Alternate Liquidity Facility, a Credit Enhancement or an Alternate Credit Enhancement delivered in connection with such change, the items required to be delivered therewith (*see* “LIQUIDITY FACILITY—Alternate Liquidity Facility; Credit Enhancement”); and

(iii) a notice from (a) Moody’s Investors Service, any successor or assign, or, if such corporation is dissolved or liquidated or no longer performs the functions of a securities rating agency, any other nationally recognized securities rating agency selected by the Finance Authority (“Moody’s”), (b) Standard & Poor’s Ratings Services, any successor or assign, or, if such corporation is dissolved or liquidated or no longer performs the functions of a securities rating agency, any other nationally recognized securities rating agency selected by the Finance Authority (“S&P”), or (c) Fitch, Inc., any successor or assign, or, if such corporation is dissolved or liquidated or no longer performs the functions of a securities rating agency, any other nationally recognized securities rating agency selected by the Finance Authority (“Fitch”), as appropriate (any of (a), (b) or (c), a “Rating Agency”), confirming that the rating on the Series 2005A/2007A Bonds will not be lowered or withdrawn (other than a withdrawal of a short-term rating upon a change to the Term Rate Mode or the Fixed Rate Mode) as a result of the action proposed to be taken (any such notice, a “Rating Confirmation Notice”), or, if the Mode Change Date is a Mandatory Purchase Date (as defined herein), a notice from the Rating Agencies of the rating(s) to be assigned the Series 2005A/2007A Bonds on such Mode Change Date.

If all conditions precedent to the change in the Mode are satisfied, the New Mode will commence on the Mode Change Date and the interest rate will be determined by the Remarketing Agent in the manner provided in the Indenture.

Change to Fixed Rate Mode. At the option of the Finance Authority, all or any portion of the Series 2005A/2007A Bonds bearing interest at a Daily Rate or Weekly Rate (in an amount which is an Authorized Denomination for the Fixed Rate Period) may be changed to the Fixed Rate Mode, as described below.

On any Business Day which is at least 15 days before the proposed Mode Change Date, the Finance Authority may give written notice to the Trustee, Remarketing Agent and the Liquidity Provider stating that the Mode will be changed to the Fixed Rate Mode and setting forth the proposed Mode Change Date.

In the case of a change from the Daily Mode or Weekly Mode, the Mode Change Date may be any Business Day.

Not less than the 15th day next preceding the Mode Change Date, the Paying Agent will mail, in the name of the Finance Authority, a notice of such proposed change to the Owners of the Series 2005A/2007A Bonds stating that the Mode will be changed to the Fixed Rate Mode and the proposed Mode Change Date. Such notice will also state that such Owner is required to tender such Owner's Series 2005A/2007A Bonds for purchase on such proposed Mode Change Date regardless of whether all of the conditions to the change to the Fixed Rate Mode are satisfied.

The change to the Fixed Rate Mode will not occur unless the following items are delivered to the Finance Authority, the Trustee and the Remarketing Agent, on or prior to the Mode Change Date:

- (i) a Favorable Opinion of Bond Counsel, dated the Mode Change Date and addressed to the Finance Authority, the Trustee and the Remarketing Agent;
- (ii) if there is to be Credit Enhancement delivered in connection with such change, the items required to be delivered therewith (*see* "LIQUIDITY FACILITY—Alternate Liquidity Facility; Credit Enhancement"); and
- (iii) notice from the Rating Agencies of the rating(s) to be assigned the Series 2005A/2007A Bonds on such Mode Change Date.

If all conditions precedent to the change in the Mode are satisfied, the Fixed Rate Mode will commence on the Mode Change Date and the Fixed Rate will be determined by the Remarketing Agent in the manner provided in the Indenture.

Failure to Satisfy Conditions Precedent to Mode Change. In the event all conditions precedent to a Mode Change have not been satisfied by the applicable Mode Change Date, then the New Mode will not take effect (although any mandatory purchase will be made on such date if notice has been sent to the Owners stating that such Series 2005A/2007A Bonds would be subject to mandatory purchase on such date). If the failed change in Mode was from the Daily Mode, the Series 2005A/2007A Bonds will remain in the Daily Mode, and if the failed change in Mode was from the Weekly Mode, the Series 2005A/2007A Bonds will remain in the Weekly Mode, in each case with interest rates established in accordance with the applicable provisions of the Indenture (*see* "Determination of Interest Rates") on and as of the failed Mode Change Date.

Rescission of Election. The Finance Authority may rescind any election by it to change a Mode as described above prior to the Mode Change Date by giving written notice thereof to the Trustee, the Remarketing Agent and the Liquidity Provider prior to such Mode Change Date. However, in the case of a conversion to an Auction Rate Securities Mode, such rescission must occur prior to the setting of the Auction Rate by the Broker-Dealer. If the Tender Agent receives notice of such rescission prior to the time the Tender Agent has given notice to the holders of the Series 2005A/2007A Bonds, then such notice of change in Mode will be of no force and effect. If the Tender Agent receives notice from the Finance Authority of rescission of a Mode change after the Tender Agent has given notice thereof to the holders of the Series 2005A/2007A Bonds, then, if the proposed Mode Change Date would have been a Mandatory Purchase Date, such date will continue to be a Mandatory Purchase Date. If the proposed change in Mode was from the Daily Mode, the Series 2005A/2007A Bonds will remain in the Daily Mode, and if the proposed change in Mode was from the Weekly Mode, the Series 2005A/2007A Bonds will remain in the Weekly Mode, in each case with interest rates established in accordance with the applicable provisions of the Indenture (*see* "Determination of Interest Rates") on and as of the proposed Mode Change Date. If the Remarketing Agent is unable to determine the interest rate on the proposed Mode Change Date, the provisions for the determination of Alternate Rates (*see* "Alternate Rates") will apply in effect at the beginning of each such Interest Period.

Tender for Purchase

Optional Tender for Purchase. The Beneficial Owners of Series 2005A/2007A Bonds in a Daily Mode or Weekly Mode may elect to have their Series 2005A/2007A Bonds (or portions thereof in amounts equal to an Authorized Denominations) purchased on any Business Day selected by such Beneficial Owner (any such Business Day, together with any Mandatory Purchase Date, a “Purchase Date”), at a price equal to the principal amount thereof plus accrued interest to such Purchase Date (unless such Purchase Date is an Interest Payment Date, in which case such price will exclude accrued interest, which will be paid in the normal course) (such price, the “Purchase Price”).

To exercise such option:

Daily Mode. The Beneficial Owner of any Series 2005A/2007A Bonds in the Daily Mode must, by 11:00 a.m. on any Business Day, deliver to the Trustee or any successor tender agent under the Indenture (the “Tender Agent”), a notice, delivered by Electronic Means or in writing, that states (i) the principal amount of such Series 2005A/2007A Bonds to be purchased, (ii) the Purchase Date, (iii) applicable payment instructions with respect to Series 2005A/2007A Bonds being tendered for purchase and (iv) an irrevocable demand for such purchase (such notice, a “Tender Notice”). Notwithstanding the foregoing, all tenders for purchase of Series 2005A/2007A Bonds registered in the name of Cede & Co. (or the nominee of a successor Securities Depository) must comply with the procedure for book-entry tenders. *See* “Book-Entry Tenders.”

Weekly Mode. The Beneficial Owner of any Series 2005A/2007A Bonds in the Weekly Mode must, by 5:00 p.m. on the Business Day seven days prior to the applicable Purchase Date, deliver to the Tender Agent a Tender Notice. Notwithstanding the foregoing, all tenders for purchase of Series 2005A/2007A Bonds registered in the name of Cede & Co. (or the nominee of a successor Securities Depository) must comply with the procedures for book-entry tenders. *See* “Book-Entry Tenders.”

Mandatory Tender for Purchase. The Series 2005A/2007A Bonds in the Daily Mode or Weekly Mode will be subject to mandatory tender for purchase, at the Purchase Price, on the following dates (each, a “Mandatory Purchase Date” for Series 2005A/2007A Bonds in the Daily Mode or Weekly Mode):

- (i) any Mode Change Date (except a change in Mode between the Daily Mode and the Weekly Mode);
- (ii) any date upon which an Alternate Credit Enhancement or Alternate Liquidity Facility is scheduled to be substituted for any Credit Enhancement or Liquidity Facility then in effect (any such date, a “Substitution Date”) (*see* “LIQUIDITY FACILITY—Alternate Liquidity Facility; Credit Enhancement”);
- (iii) the fifth Business Day prior to the stated expiration date of any Credit Enhancement or Liquidity Facility, as it may be extended from time to time as provided in such Credit Enhancement or Liquidity Facility, or any earlier date on which any Credit Enhancement or Liquidity Facility terminates at the direction of the Finance Authority, expires or is cancelled (each, an “Expiration Date”), other than as a result of an event of default set forth in the Reimbursement Agreement (as defined herein) between the Finance Authority and the Liquidity Provider which would result in the immediate termination of the Liquidity Facility prior to its stated expiration date without prior notice from the Liquidity Provider to the Tender Agent (other than a termination upon the substitution of an Alternate Liquidity Facility) (any such event of default, an “Automatic Termination Event”);
- (iv) the date specified by the Trustee following the occurrence of an event of default (other than an Automatic Termination Event) under the Reimbursement Agreement, which date is a Business Day not less than 20 days after the Trustee’s receipt of notice of such event of default from the Credit Provider or the Liquidity Provider and in no event later than the day preceding the termination date specified by the Credit Provider or the Liquidity Provider; or

(v) any Business Day specified by the Finance Authority not less than 20 days after the Trustee's receipt of such notice.

The Tender Agent will give notice of such mandatory purchase by mail to the Owners of the Series 2005A/2007A Bonds subject to mandatory purchase no less than 15 days prior to the Mandatory Purchase Date. Any notice will state the Mandatory Purchase Date, the Purchase Price, the numbers of the Series 2005A/2007A Bonds to be purchased if less than all of the Series 2005A/2007A Bonds owned by such Owner are to be purchased, and that interest on Series 2005A/2007A Bonds subject to mandatory purchase will cease to accrue from and after the Mandatory Purchase Date. The failure to mail such notice with respect to any Series 2005A/2007A Bond will not affect the validity of the mandatory purchase of any other Series 2005A/2007A Bond with respect to which notice was so mailed. Any notice mailed will be conclusively presumed to have been given, whether or not actually received by any Owner or Beneficial Owner.

Book-Entry Tenders. Notwithstanding the foregoing, all tenders for purchase during any period in which the Series 2005A/2007A Bonds are registered in the name of Cede & Co. (or the nominee of any successor Securities Depository) will be subject to the terms and conditions set forth in the Letter of Representation from the Finance Authority to the Securities Depository (the "Representation Letter") and to any regulations promulgated by DTC (or any successor Securities Depository). For so long as the Series 2005A/2007A Bonds are registered in the name of Cede & Co., as nominee for DTC, the tender option rights of holders of Series 2005A/2007A Bonds may be exercised only by DTC by giving notice of its election to tender Series 2005A/2007A Bonds or portions thereof at the times and in the manner described above. Beneficial Owners will not have any rights to tender Series 2005A/2007A Bonds directly to the Tender Agent. Procedures under which a Beneficial Owner may direct a Direct Participant or DTC, or an Indirect Participant of DTC acting through a Direct Participant of DTC, to exercise a tender option right in respect of Series 2005A/2007A Bonds or portions thereof in an amount equal to all or a portion of such Beneficial Owner's beneficial ownership interest therein will be governed by standing instructions and customary practices determined by such Direct Participant or Indirect Participant. For so long as the Series 2005A/2007A Bonds are registered in the name of Cede & Co., as nominee for DTC, delivery of Series 2005A/2007A Bonds required to be tendered for purchase will be effected by the transfer on the applicable Purchase Date of a book-entry credit to the account of the Tender Agent of a beneficial interest in such Series 2005A/2007A Bonds.

Notwithstanding the foregoing, so long as the book-entry system of the Securities Depository (the "Book-Entry System") for the Series 2005A/2007A Bonds is maintained by the Finance Authority:

(i) there will be no requirement of physical delivery to or by the Tender Agent, the Remarketing Agent or the Trustee of:

(a) any Series 2005A/2007A Bonds subject to mandatory or optional purchase as a condition to the payment of the Purchase Price therefor;

(b) any Series 2005A/2007A Bonds that have become Liquidity Provider Bonds; or

(c) any remarketing proceeds of any Series 2005A/2007A Bonds or Liquidity Provider Bonds; and

(ii) except as provided in subparagraph (iii) below, neither the Trustee, the Tender Agent nor the Paying Agent will have any responsibility for paying the Purchase Price of any tendered Series 2005A/2007A Bond or for remitting remarketing proceeds to any person; and

(iii) the Tender Agent's sole responsibilities in connection with the purchase and remarketing of a tendered Series 2005A/2007A Bond will be to:

(a) draw upon the Liquidity Facility in the event the Remarketing Agent notifies the Tender Agent that such Series 2005A/2007A Bond has not been remarketed on or before the Purchase Date therefor, which draw will be in an amount equal to the difference between such

Purchase Price and any remarketing proceeds received by Remarketing Agent in connection with a partial remarketing of such Series 2005A/2007A Bond, and to remit the amount so drawn to or upon the order of the Securities Depository for the benefit of the tendering Beneficial Owners; and

(b) remit any proceeds derived from the remarketing of a Liquidity Provider Bond to the Liquidity Provider.

No Book-Entry System. If at any time the Series 2005A/2007A Bonds are no longer in the Book-Entry System, the following procedures will be followed.

Series 2005A/2007A Bonds will be delivered (with all necessary endorsements) at or before 12:00 noon on the Purchase Date at the office of the Paying Agent in New York, New York. However, payment of the Purchase Price will be so made only if the Series 2005A/2007A Bond so delivered to the Paying Agent conforms in all respects to the description thereof in the notice. Payment of the Purchase Price with respect to purchases will be made to the Owners of tendered Series 2005A/2007A Bonds by wire transfer in immediately available funds by the Paying Agent by 3:00 p.m. on the Purchase Date.

If any Series 2005A/2007A Bond to be purchased is not delivered by the Owner to the Paying Agent by 12:00 noon on the date on which such Series 2005A/2007A Bond is to be purchased, the Paying Agent will hold any funds received for the purchase of those Series 2005A/2007A Bonds in trust and will pay such funds to the former Owners of the Series 2005A/2007A Bonds upon presentation of the Series 2005A/2007A Bonds. Such undelivered Series 2005A/2007A Bonds will cease to accrue interest as to the former Owners on such purchase date and moneys representing the Purchase Price will be available against delivery of those Series 2005A/2007A Bonds at the principal office of the Paying Agent.

The Paying Agent will hold all Series 2005A/2007A Bonds properly tendered to it for purchase as agent and bailee of, and in escrow for the benefit of, the respective Owners of the Series 2005A/2007A Bonds which have so tendered such Series 2005A/2007A Bonds until moneys representing the Purchase Price of such Series 2005A/2007A Bonds have been delivered to or for the account of or to the order of such Owners.

Remarketing of Tendered 2005A/2007A Bonds; Draws on Liquidity Facility. The Remarketing Agent will use its best efforts to offer for sale:

- (i) all Series 2005A/2007A Bonds or portions thereof as to which notice of tender described under “Optional Tender for Purchase” has been given;
- (ii) all Series 2005A/2007A Bonds required to be purchased on a Mandatory Purchase Date described in subparagraph (i) or (ii) under “Mandatory Tender for Purchase”; and
- (iii) certain Liquidity Provider Bonds.

The Remarketing Agent will remarket the Series 2005A/2007A Bonds at a price of 100% of the principal amount thereof, except for any Series 2005A/2007A Bonds which are being remarketed as Fixed Rate Bonds, in which case such Series 2005A/2007A Bonds may be remarketed at a market premium or a market discount from the stated principal amount of such Series 2005A/2007A Bonds.

Notwithstanding the foregoing, if there has occurred and is continuing (i) a failure of any Credit Provider or Liquidity Provider to pay a properly presented and conforming draw or request for advance under any Credit Enhancement or Liquidity Facility, (ii) the filing or commencement of any bankruptcy or insolvency proceedings by or against any Credit Provider or Liquidity Provider and, in the case of any such proceedings filed against any Credit Provider or Liquidity Provider, such proceedings are not terminated or dismissed within 60 days of such filing or (iii) any Credit Provider or Liquidity Provider declares a moratorium on the payment of its unsecured debt obligations or repudiates any Credit Enhancement or Liquidity Facility (any such event, a “Credit Provider Failure” or “Liquidity Provider Failure”, respectively), the Remarketing Agent will not remarket any Series 2005A/2007A

Bonds. All other provisions of the Indenture, including those relating to the setting of interest rates and Interest Periods and mandatory and optional purchases, will remain in full force and effect during the continuance thereof.

On each date on which any Series 2005A/2007A Bonds are to be purchased, the Remarketing Agent will cause the proceeds of the remarketing by the Remarketing Agent of tendered Series 2005A/2007A Bonds to be paid to the Tender Agent in immediately available funds not later than 11:15 a.m., New York City time, on the Purchase Date for such Series 2005A/2007A Bonds.

On each date on which any Series 2005A/2007A Bonds are to be purchased, if the Remarketing Agent has given notice to the Tender Agent that it has been unable to remarket any of the Series 2005A/2007A Bonds, the Tender Agent will direct the Trustee to draw on the Liquidity Facility by 11:30 a.m. in an amount equal to the Purchase Price of all such Series 2005A/2007A Bonds which have not been successfully remarketed.

By 3:00 p.m. on the date on which any Series 2005A/2007A Bonds are to be purchased, the Tender Agent will purchase tendered Series 2005A/2007A Bonds from the tendering Owners at the applicable Purchase Price by wire transfer in immediately available funds. Funds for the payment of such Purchase Price will be derived solely from the following sources in the order of priority indicated, and neither the Tender Agent, the Trustee nor the Remarketing Agent will be obligated to provide funds from any other source:

- (i) proceeds of the remarketing of the Series 2005A/2007A Bonds; and
- (ii) proceeds from any draw on the Liquidity Facility.

Insufficient Funds for Tenders. If moneys sufficient to pay the Purchase Price of all tendered Series 2005A/2007A Bonds to be purchased on any Purchase Date are not available: (1) no purchase will be consummated on such Purchase Date; (2) all tendered Series 2005A/2007A Bonds will be returned to the Holders thereof; and (3) all remarketing proceeds will be returned to the Remarketing Agent for return to the persons providing such moneys.

During the period from and including the applicable Purchase Date to (but not including) the date that all such tendered Series 2005A/2007A Bonds are successfully remarketed (the “Delayed Remarketing Period”), all Series 2005A/2007A Bonds will bear interest at the Maximum Rate.

The Finance Authority may direct the conversion of the tendered Series 2005A/2007A Bonds to a different Mode during the Delayed Remarketing Period. However, the Finance Authority will not be required to comply with the notice requirements therefor.

The Remarketing Agent will continue to use its best efforts to remarket the tendered Series 2005A/2007A Bonds. Once the Remarketing Agent has advised the Trustee and the Tender Agent that it has a good faith belief that it is able to remarket all of the tendered Series 2005A/2007A Bonds, the Trustee will give notice by mail to the Holders of such tendered Series 2005A/2007A Bonds not later than five Business Days prior to the Purchase Date, which notice will state: (1) the Mode applicable to such tendered Series 2005A/2007A Bonds from and after the Purchase Date; (2) that such tendered Series 2005A/2007A Bonds will be subject to mandatory tender for purchase on the Purchase Date; (3) the procedures for such mandatory tender; (4) the Purchase Price of such tendered Series 2005A/2007A Bonds; and (5) the consequences of a failed remarketing.

During the Delayed Remarketing Period, the Trustee may, upon direction of the Finance Authority, apply amounts to the redemption of such tendered Series 2005A/2007A Bonds, as a whole or in part on any Business Day during the Delayed Remarketing Period, at a redemption price equal to the principal amount thereof, together with interest accrued thereon to the date fixed for redemption, without premium. The Trustee will give five Business Days’ notice of such redemption to the Holders of the Series 2005A/2007A Bonds to be redeemed.

During the Delayed Remarketing Period, interest on such tendered Series 2005A/2007A Bonds will be paid to the Holders thereof (i) on the first Business Day of each calendar month occurring during the Delayed Remarketing Period and (ii) on the last day of the Delayed Remarketing Period.

Redemption

Optional Redemption. Series 2005A/2007A Bonds in the Daily Mode or Weekly Mode are subject to optional redemption by the Finance Authority, in whole or in part, in Authorized Denominations on any Business Day, at a redemption price equal to the principal amount thereof, plus accrued interest, if any, to the redemption date.

Mandatory Sinking Fund Redemption. The Series 2005A Bonds (or any portion thereof in integral multiples of \$25,000 each) will be redeemed on February 1 in the years (or, if any such date is not an Interest Payment Date, the Interest Payment Date immediately preceding such date) and in the amounts set forth in the table below at a redemption price of par plus accrued interest to the redemption date:

Redemption Dates	Series 2005 A-1 Principal <u>Amount</u>	Series 2005 A-2 Principal <u>Amount</u>	Series 2005 A-3 Principal <u>Amount</u>	Series 2005 A-4 Principal <u>Amount</u>	Series 2005 A-5 Principal <u>Amount</u>
<u>February 1</u>					
2019	\$1,050,000	\$1,050,000	\$1,050,000	\$1,325,000	\$1,300,000
2020	1,175,000	1,175,000	1,175,000	1,375,000	1,500,000
2021	1,250,000	1,250,000	1,250,000	1,475,000	1,600,000
2022	1,300,000	1,300,000	1,300,000	1,550,000	1,700,000
2023	1,425,000	1,425,000	1,425,000	1,700,000	1,850,000
2024	1,525,000	1,525,000	1,525,000	1,825,000	2,000,000
2025	1,625,000	1,625,000	1,625,000	1,975,000	2,150,000
2026	1,725,000	1,725,000	1,725,000	2,100,000	2,300,000
2027	1,850,000	1,850,000	1,850,000	2,250,000	2,450,000
2028	225,000	225,000	225,000	1,300,000	1,850,000
2029	5,250,000	5,250,000	5,250,000	6,750,000	7,500,000
2030	7,225,000	7,225,000	7,225,000	9,300,000	10,350,000
2031	7,875,000	7,875,000	7,875,000	10,125,000	11,275,000
2032	8,350,000	8,350,000	8,350,000	10,750,000	11,950,000
2033	8,850,000	8,850,000	8,850,000	11,375,000	12,625,000
2034	9,375,000	9,375,000	9,375,000	12,050,000	13,400,000
2035 ⁽¹⁾	9,925,000	9,925,000	9,925,000	12,775,000	14,200,000

⁽¹⁾Final Maturity

The Series 2007A Bonds (or any portion thereof in integral multiples of \$25,000 each) will be redeemed on February 1 in the years (or, if any such date is not an Interest Payment Date, the Interest Payment Date immediately preceding such date) and in the amounts set forth in the table below at a redemption price of par plus accrued interest to the redemption date:

Redemption Dates <u>February 1</u>	Series 2007 A-1 <u>Principal Amount</u>	Series 2007 A-2 <u>Principal Amount</u>	Series 2007 A-3 <u>Principal Amount</u>
2019	\$ 675,000	\$ 675,000	\$ 675,000
2020	700,000	700,000	750,000
2021	800,000	800,000	825,000
2022	925,000	925,000	925,000
2023	975,000	975,000	1,000,000
2024	1,050,000	1,050,000	1,150,000
2025	1,125,000	1,125,000	1,200,000
2026	1,250,000	1,250,000	1,350,000
2027	1,350,000	1,350,000	1,425,000
2028	3,650,000	3,650,000	3,750,000
2029	4,900,000	4,900,000	5,025,000
2030	2,850,000	2,850,000	2,950,000
2031	2,750,000	2,750,000	2,850,000
2032	2,925,000	2,925,000	3,000,000
2033	3,075,000	3,075,000	3,200,000
2034	3,300,000	3,300,000	3,425,000
2035	3,500,000	3,500,000	3,575,000
2036	23,475,000	23,475,000	23,600,000
2037 ⁽¹⁾	10,725,000	10,725,000	10,850,000

⁽¹⁾ Final Maturity

Extraordinary Mandatory Redemption. The Series 2005A/2007A Bonds are subject to extraordinary mandatory redemption in whole or in part, at any time, at a redemption price equal to the principal amount thereof plus accrued interest to the redemption date, from and to the extent that moneys are deposited in the Redemption Account from a prepayment of the Series 2005A/2007A Building Authority Notes resulting from the receipt by the Building Authority of insurance or condemnation proceeds or from proceeds received upon a default on such Notes pursuant to the Loan Agreement, unless such moneys can be invested at a yield calculated in accordance with the Internal Revenue Code of 1986, as amended and in effect on the date of issuance of such Series 2005A/2007A Bonds (the “Code”), over any period of time ending on any subsequent Interest Payment Date which equals or exceeds the average interest rate on the Outstanding Series 2005A/2007A Bonds; provided that, in the opinion of a nationally recognized firm experienced in matters relating to the tax exemption for interest payable on obligations of states and their instrumentalities and political subdivisions under federal law and acceptable to the Finance Authority and the Trustee (such an opinion, an “Opinion of Bond Counsel”), such investment would not cause any of the Series 2005A/2007A Bonds to be “arbitrage bonds” as defined in the Code or otherwise cause the interest on the Series 2005A/2007A Bonds to be included in the gross income of the owners thereof for federal income tax purposes. Notwithstanding the foregoing, for so long as a Liquidity Facility remains in full force and effect and the Liquidity Provider is not in default thereunder, upon the occurrence of an extraordinary mandatory redemption in part, the selection of the Series 2005A/2007A Bonds to be redeemed will be subject to the approval of the Liquidity Provider, and all Liquidity Provider Bonds will be selected for redemption prior to the redemption of any other Series 2005A/2007A Bonds.

Mandatory Redemption under Standby Purchase Agreement. So long as the Standby Purchase Agreement is in full force and effect, the Series 2005A/2007A Bonds will be subject to mandatory redemption in accordance with the terms of the Standby Purchase Agreement.

Redemption at Election or Direction of Finance Authority. In the case of any redemption of Series 2005A/2007A Bonds pursuant to which notice thereof must be given to the Owners of the Series 2005A/2007A Bonds under the Indenture, the Finance Authority will give written notice to the Trustee of its election or direction

so to redeem, of the redemption date, of the principal amounts of the Series 2005A/2007A Bonds of each maturity to be redeemed (which maturities and principal amounts thereof to be redeemed will be determined by the Finance Authority in its sole discretion, subject to any limitations with respect thereto contained in the Finance Authority Act or the Indenture) and of the moneys to be applied to the payment of the redemption price. In the event notice of redemption has been given as described below, the Finance Authority will, on or before the redemption date, deliver to the Trustee an amount, in (i) cash or (ii) (a) direct non-callable obligations of the United States of America or securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, to which direct obligation or guarantee the full faith and credit of the United States of America has been pledged, (b) Refcorp interest strips, (c) CATS, (d) TIGRS, (e) STRPS or (f) defeased municipal bonds rated AAA by S&P or Aaa by Moody's (any obligations described in (ii), "Governmental Obligations"), in addition to other moneys, if any, available therefor held by the Trustee, which will be sufficient to redeem, on the redemption date at the redemption price thereof, together with interest accrued to the redemption date, all of the Series 2005A/2007A Bonds to be redeemed. In the event of the simultaneous prepayment of a Building Authority Note and redemption of the Series 2005A/2007A Bonds, each maturity and principal amount thereof to be prepaid and redeemed will be as nearly identical as practicable.

Selection of Series 2005A/2007A Bonds to be Redeemed. If less than all of the Series 2005A/2007A Bonds are to be redeemed, the Series 2005A/2007A Bonds will be redeemed only in whole multiples of the minimum Authorized Denomination of such Series 2005A/2007A Bonds. For purposes of redemption, each minimum Authorized Denomination of principal will be considered as a Series 2005A/2007A Bond. If less than all of the Series 2005A/2007A Bonds are called for redemption, the principal amount and maturity of the particular Series 2005A/2007A Bonds to be redeemed will be selected by the Finance Authority, and the Trustee will select the particular Series 2005A/2007A Bonds to be redeemed by lot within a maturity in such manner as the Trustee may determine, provided that the unredeemed principal amount of any Series 2005A/2007A Bond is equal to at least the minimum Authorized Denomination of such Series 2005A/2007A Bond, and Liquidity Provider Bonds will be redeemed before any other Series 2005A/2007A Bonds.

Redemption Payments. Prior to the date fixed for redemption, funds will be deposited with the Trustee in an amount sufficient to pay the redemption price of the Series 2005A/2007A Bonds or portions thereof called, together with accrued interest thereon to the redemption date and any termination payments, interest thereon or other amounts, except regularly scheduled payments, that may be owed by the Finance Authority to the Qualified Hedging Contract Providers pursuant to the Qualified Hedging Contracts on the redemption date in connection with the redemption of such Series 2005A/2007A Bonds. If proper notice of redemption by mailing has been given as described below and sufficient funds for redemption are on deposit with the Trustee as aforesaid, interest on the Series 2005A/2007A Bonds or portions thereof called will no longer accrue after the date fixed for redemption. No payment will be made by the Trustee upon any Series 2005A/2007A Bond or portion thereof called for redemption until such Series 2005A/2007A Bond or portion thereof has been delivered for payment or cancellation or the Trustee has received the items required with respect to any mutilated, lost, stolen or destroyed Series 2005A/2007A Bond.

Notwithstanding the foregoing, no redemption of the Series 2005A/2007A Bonds, other than mandatory sinking fund redemptions (*see* "Mandatory Sinking Fund Redemption"), or other retirement of Series 2005A/2007A Bonds will occur unless the Trustee determines that there are funds available under the Indenture for the payment of both the redemption price of the Series 2005A/2007A Bonds to be redeemed and the payment of any termination payments, interest thereon or other amounts, except regularly scheduled payments, that may be owed by the Finance Authority to the Qualified Hedging Contract Providers pursuant to the Qualified Hedging Contracts in connection with the reduction of the notional amount of the Qualified Hedging Contracts as a result of such redemption or other retirement of the Series 2005A/2007A Bonds.

Notice of Redemption. Notice of the call for any redemption, identifying the Series 2005A/2007A Bonds to be redeemed, will be given by the Trustee by mailing a copy of the redemption notice by first-class, registered or certified mail at least 30 days but not more than 45 days prior to the date fixed for redemption to the registered owner of each Series 2005A/2007A Bond to be redeemed at the address shown on the registration books. Failure to give such notice by mailing to any Bondholder, or any defect in such notice, will not affect the validity of any proceeding for the redemption of any other Series 2005A/2007A Bonds. Notice of any redemption of the Series 2005A/2007A Bonds will either (i) explicitly state that the proposed redemption is conditioned on there being on

deposit on the redemption date sufficient money to pay the full redemption price of the Series 2005A/2007A Bonds to be redeemed and any termination payments, interest thereon or other amounts, except regularly scheduled payments, that may be owed by the Finance Authority to the Qualified Hedging Contract Providers pursuant to the Qualified Hedging Contracts in connection with the reduction of the notional amount of the Qualified Hedging Contracts as a result of such redemption of the Series 2005A/2007A Bonds, or (ii) be sent only if sufficient money to pay the full redemption price of the Series 2005A/2007A Bonds to be redeemed is on deposit and there is money available to pay any termination payments, interest thereon or other amounts, except regularly scheduled payments that may be owed by the Finance Authority to the Qualified Hedging Contract Providers pursuant to the Qualified Hedging Contracts in connection with the reduction of the notional amount of the Qualified Hedging Contracts as a result of such redemption of the Series 2005A/2007A Bonds.

Notwithstanding the foregoing, (i) no notice of redemption is required to be given for a redemption occurring on a Mandatory Purchase Date, and (ii) only five Business Days' notice of redemption is required to be given for a redemption occurring during any Delayed Remarketing Period.

Transfer and Exchange

The Finance Authority will cause books for the registration and for the transfer of the Series 2005A/2007A Bonds to be kept by the Trustee at its corporate trust office. At reasonable times and under reasonable regulations established by the Trustee, said books may be inspected and copied by the Finance Authority or by owners (or a designated representative thereof) of 5% or more in aggregate principal amount of the Series 2005A/2007A Bonds then outstanding.

Upon surrender for transfer of any Series 2005A/2007A Bond at the corporate trust office of the Trustee, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Trustee and duly executed by the registered owner or his attorney duly authorized in writing, the Finance Authority will execute and the Trustee will authenticate and deliver in the name of the transferee or transferees a new Series 2005A/2007A Bond or Series 2005A/2007A Bonds of the same maturity for a like aggregate principal amount. The Series 2005A/2007A Bonds may be transferred or exchanged without cost to the Bondholders, except for any tax or governmental charge required to be paid with respect to the transfer or exchange. The Trustee will not be required (a) to register, transfer or exchange any Series 2005A/2007A Bonds during a period of 15 days next preceding mailing of a notice of redemption or mandatory purchase of any Series 2005A/2007A Bonds or (b) to register, transfer or exchange any Series 2005A/2007A Bonds selected, called or being called for redemption, or selected for mandatory purchase in whole or in part after mailing notice of such call or mandatory purchase has been made.

The person in whose name a Series 2005A/2007A Bond is registered will be deemed and regarded as the absolute owner thereof for all purposes, and payment of the principal thereof and interest thereon will be made only to or upon the order of the registered owner thereof or his legal representative, but such registration may be changed as hereinabove provided. All such payments will be valid and effectual to satisfy and discharge the liability upon such Series 2005A/2007A Bond to the extent of the sums or sums so paid.

All Series 2005A/2007A Bonds delivered upon any transfer or exchange will be valid obligations of the Finance Authority, evidencing the same debt as the Series 2005A/2007A Bonds surrendered, will be secured by the Indenture and will be entitled to all of the security and benefits thereof to the same extent as the Series 2005A/2007A Bond surrendered.

The Series 2005A/2007A Bonds will initially be issued and held in book-entry on the books of the Securities Depository or any successor or assign or any direct or indirect participant therein (each, a "Clearing Agency"). The Finance Authority and the Trustee may, in connection herewith, do or perform or cause to be done or performed any acts or things not adverse to the rights of the holders of the Series 2005A/2007A Bonds, as are necessary or appropriate to accomplish or recognize such book-entry form Series 2005A/2007A Bonds.

So long as the Series 2005A/2007A Bonds remain and are held in book-entry form on the books of a Clearing Agency, then: (1) any such Series 2005A/2007A Bonds may be registered upon the books kept by the Trustee in the name of such Clearing Agency, or any nominee thereof, including Cede & Co., as the partnership nominee of the Securities Depository; (2) the Clearing Agency in whose names such Series 2005A/2007A Bonds are

so registered will be, and the Finance Authority and the Trustee may deem and treat such Clearing Agency as, the absolute owner and holder of such Series 2005A/2007A Bond for all purposes of the Indenture, including, without limitation, the receiving of payment of the principal of, premium, if any, and interest on such Series 2005A/2007A Bond, the receiving of notice and the giving of consent; (3) neither the Finance Authority nor the Trustee will have any responsibility or obligation under the Indenture to any direct or indirect participant, within the meaning of Section 17A of the Securities Exchange Act of 1934, as amended, of such Clearing Agency, or any person on behalf of which, or otherwise in respect of which, any such participant holds any interest in any Series 2005A/2007A Bond, including, without limitation, any responsibility or obligation under the Indenture to maintain accurate records of any interest in any Series 2005A/2007A Bond or any responsibility or obligation under the Indenture with respect to the receiving of payment of the principal of, premium, if any, or interest on any Series 2005A/2007A Bond, the receiving of notice or the giving of consent; and (4) the Clearing Agency is not required to present any Series 2005A/2007A Bond called for partial redemption prior to receiving payment so long as the Trustee and the Clearing Agency have agreed to the method for noting such partial redemption.

Additional Bonds

Additional Bonds may be issued on a parity with the Series 2005A/2007A Bonds and any other Additional Bonds previously issued under the Indenture: (i) to purchase Additional Building Authority Notes issued by the Building Authority to the Finance Authority for the purpose of making loans to the Building Authority pursuant to the Loan Agreement, which loans may be used by the Building Authority to pay the costs of the Stadium Project or to prepay Building Authority Notes; provided that each such Additional Building Authority Note is payable in full from an Obligation and from the Lease; or (ii) to refund, directly or indirectly, the Series 2005A/2007A Bonds or any Additional Bonds (collectively, “Bonds”) issued under the Indenture. The issuance of Additional Bonds must be authorized by a Supplemental Indenture of the Finance Authority and the Additional Bonds may be issued in one or more series.

All Additional Bonds, other than Refunding Bonds described in the Indenture, will be issued in a principal amount sufficient, together with other moneys available therefor, to purchase Additional Building Authority Notes and to make such deposits required by the provisions of the Finance Authority Act, the Indenture and the Supplemental Indenture authorizing such series of Additional Bonds.

Each Supplemental Indenture authorizing the issuance of a series of Bonds must specify:

- (i) The authorized principal amount of such series of Bonds;
- (ii) The purpose for which such series of Bonds are being issued, which must be one or more of the following: (i) making payments into the General Account; (ii) making payment of Costs of Issuance or Program Expenses; (iii) providing funds to complete or expand the Stadium Project; (iv) the payment of notes theretofore issued by the Finance Authority for any purposes for which Bonds may have been issued; (v) paying capitalized interest on such series of Bonds; (vi) funding all or a portion of the Debt Service Reserve Requirement attributable to such series of Bonds; and (vii) the refunding of Bonds and related purposes, as provided in the Indenture;
- (iii) The date or dates of issue, Principal Payment Date or Dates and amounts of each maturity of the Bonds of such series;
- (iv) The interest rate or rates, or the manner of determining such interest rate or rates of the Bonds of such series, and the Interest Payment Dates therefor;
- (v) The denomination or denominations of, and the manner of numbering and lettering, the Bonds of such series; provided that each Bond must be issued in Authorized Denominations, except as may otherwise be specifically provided in a Supplemental Indenture, not exceeding the aggregate principal amount of the Bonds of such series maturing in the year of maturity of the Bond for which the denomination is to be specified;

(vi) The Trustee and any co-trustees, and the place or places of payment of the principal of, redemption premium, if any, and interest on the Bonds of such series; provided, however, that such Trustee and any co-trustee may be appointed by resolution of the Finance Authority adopted prior to authentication and delivery of such series of Bonds;

(vii) The redemption price or redemption prices, if any, and, subject to the Indenture, the redemption terms, if any, for the Bonds of such series;

(viii) If so determined by the Finance Authority, provisions for the sale of the Bonds of such series;

(ix) The form or forms of the Bonds of such series and of the Trustee's certificate of authentication;

(x) The manner of execution of the Bonds of such series;

(xi) Except in the case of Bonds the interest on which is not excludable from gross income for federal income tax purposes, the necessary tax covenants to ensure that interest on such series of Bonds will be excludable from gross income for federal income tax purposes under the Code;

(xii) The increase necessary in the amount payable under any Credit Enhancement or Liquidity Facility to insure the payment when due of the principal of and interest on such series of Bonds and the amount of cash or investments to be deposited in the Debt Service Reserve Fund or the appropriate increase in any Debt Service Reserve Fund Credit Facility then on deposit therein to satisfy the Debt Service Reserve Requirement;

(xiii) The designation of a Qualified Hedging Contract or a Reimbursement Obligation that is being or has been entered into in connection with the issuance of such series of Bonds; and

(xiv) Any other provisions deemed advisable by the Finance Authority, not in conflict with the provisions of the Indenture.

Additional Bonds issued to provide funds to pay additional costs of the Stadium Project may be authenticated and delivered only upon receipt by the Trustee of the documents described in the preceding paragraph and each of the following:

(i) A written legal opinion from a firm of attorneys (an "Opinion of Counsel") to the effect that: (a) when executed for and in the name and on behalf of the Finance Authority and when authenticated and delivered by the Trustee, those Additional Bonds will be valid and binding limited obligations of the Finance Authority in accordance with their terms and will be secured under the Indenture equally and on a parity (except with respect to any moneys drawn by the Trustee under the Liquidity Facility) with all other Bonds at the time Outstanding under the Indenture as to the Trust Estate; and (b) the issuance of the Additional Bonds will not result in the interest on the Bonds Outstanding immediately prior to that issuance becoming included in gross income for federal income tax purposes, except with respect to any series of Bonds the interest on which is not excludable from gross income for federal income tax purposes;

(ii) An Additional Building Authority Note of the Building Authority; and

(iii) An original executed counterpart of the Supplemental Loan Agreement, pursuant to which the Building Authority is issuing the Additional Building Authority Note to the Finance Authority.

LIQUIDITY FACILITY

Liquidity Facility

Under the Indenture, if any Liquidity Facility is in effect, on each date on which any Series 2005A/2007A Bond is to be purchased, the Tender Agent (if it is the beneficiary of such Liquidity Facility) or the Trustee (if it is the beneficiary of such Liquidity Facility), at the direction of the Tender Agent, by demand given by Electronic Means before 11:30 a.m., will draw on such Liquidity Facility in accordance with the terms thereof so as to receive thereunder by 2:30 p.m. on such date an amount, in immediately available funds, sufficient, together with the proceeds of the remarketing of Series 2005A/2007A Bonds on such date, to enable the Tender Agent to pay the Purchase Price in connection therewith.

Standby Purchase Agreement

Commitment to Purchase Bonds. Under the Standby Purchase Agreement, each Bank agrees, severally and not jointly, to purchase, at the Purchase Price, Series 2005A/2007A Bonds bearing interest at a Daily Rate or Weekly Rate, which have been optionally or mandatorily tendered for purchase (*see* “DESCRIPTION OF SERIES 2005A/2007A BONDS—Tender for Purchase”) but which the Remarketing Agents have been unable to remarket or for which remarketing proceeds have not been received by the time specified in the Indenture, in an amount not to exceed a percentage, determined by dividing (i) the maximum amount of the commitment of each Bank to purchase Series 2005A/2007A Bonds, as set forth below under “COMMITMENTS” (such amount, as reduced or increased pursuant to the terms of the Standby Purchase Agreement, the “Commitment”), by (ii) the sum of all of the Banks’ Commitments (such percentage, the “Pro Rata Share”), of the sum of:

(1) initially, the aggregate principal amount of the Series 2005A/2007A Bonds Outstanding (*i.e.* \$611,525,000), as adjusted from time to time as follows:

- (a) downward by the amount of any reductions (*see* “Reduction of Commitments”);
- (b) downward by the principal amount of any Series 2005A/2007A Bonds purchased by the Banks pursuant to the Standby Purchase Agreement; and
- (c) upward by the principal amount of any Series 2005A/2007A Bonds theretofore purchased by the Banks pursuant to the Standby Purchase Agreement which are remarketed (or deemed remarketed) by the Remarketing Agents and for which the Banks have received immediately available funds equal to the principal amount thereof and accrued interest thereon

(such initial amount, as so adjusted, the “Available Principal Commitment”); plus

(2) initially, \$9,298,531, which equals 37 days’ interest on the initial amount of the Available Principal Commitment, based upon an assumed rate of interest of 15% per annum and a 365-day year for the actual number of days elapsed, as adjusted from time to time as follows:

- (a) downward by an amount that bears the same proportion to such initial amount as the amount of any reduction in the Available Principal Commitment, in accordance with clause (1)(a) or (1)(b) above, bears to the initial Available Principal Commitment; and
- (b) upward by an amount that bears the same proportion to such initial amount as the amount of any increase in the Available Principal Commitment, in accordance with clause (1)(c) above, bears to the initial Available Principal Commitment

(such initial amount, as so adjusted, the “Available Interest Commitment”)

(such sum, the “Available Commitment”). However, the amount of any Bank’s obligation will never exceed its Commitment.

COMMITMENTS

	<u>Commitment</u>	<u>Pro Rata Share</u>
JPMorgan Chase Bank, National Association	\$250,000,000	40.27%
Dexia Credit Local	250,000,000	40.27%
The Bank of New York	75,000,000	12.08%
RBS Citizens, National Association	<u>45,823,531</u>	<u>7.38%</u>
Total	\$620,823,531	100.00%

The aggregate principal amount of all Series 2005A/2007A Bonds (in addition to any Series 2005A/2007A Bonds) purchased on any Purchase Date will not exceed the then Available Principal Commitment. The maximum amount of the Purchase Price of such Series 2005A/2007A Bonds representing the principal amount of Series 2005A/2007A Bonds purchased on such Purchase Date which each Bank agrees to provide under the Standby Purchase Agreement will be its respective Pro Rata Share of the then Available Principal Commitment. The aggregate amount of the Purchase Price comprising interest on the Series 2005A/2007A Bonds purchased on any Purchase Date will not exceed the lesser of (i) the Available Interest Commitment on such date and (ii) the actual amount of interest accrued and unpaid on such Series 2005A/2007A Bonds to but excluding such date. However, in no event will any Bank be obligated to extend credit for the payment of the Purchase Price of such Series 2005A/2007A Bonds representing accrued interest on such Series 2005A/2007A Bonds in excess of such Bank's Pro Rata Share of the then Available Interest Commitment.

In the Standby Purchase Agreement, the Finance Authority agrees that it will not, and will not permit any person, to convert the interest rate on any of the Series 2005A/2007A Bonds to the Daily Rate without the prior written consent of Dexia Credit Local.

Method of Purchasing. The Trustee will provide a written notice (a "Notice of Bank Purchase") to the Administrative Agent, pursuant to an optional or mandatory tender for purchase, no later than 11:30 a.m. (New York City time) on a Purchase Date. If the Administrative Agent receives such Notice of Bank Purchase as described above, and subject to the satisfaction of the conditions described below (*see* "Conditions"), the Administrative Agent, to the extent it has received payment from each Bank, will transfer to the Trustee not later than 2:30 p.m. (New York City time) on such Purchase Date, in immediately available funds, an amount equal to the aggregate Purchase Price of all or such portion of such Series 2005A/2007A Bonds tendered or deemed tendered on such Purchase Date.

If the Administrative Agent receives from the Trustee a Notice of Bank Purchase after 11:30 a.m. (New York City time) on a Purchase Date, the Administrative Agent, to the extent it has received payment from each Bank, subject to satisfaction of the conditions described below (*see* "Conditions"), will transfer to the Trustee at or before 10:00 a.m. (New York City time), on the Business Day immediately following the Purchase Date specified in such Notice of Bank Purchase, in immediately available funds, an amount equal to the aggregate Purchase Price of all or such portion of such Series 2005A/2007A Bonds tendered or deemed tendered on such Purchase Date.

Neither the Administrative Agent nor any Bank will have any responsibility for, or incur any liability in respect of, any act, or any failure to act, by the Trustee which results in the failure of the Trustee to effect the purchase of Series 2005A/2007A Bonds. Series 2005A/2007A Bonds so purchased will be registered in the name of the Administrative Agent, on behalf of the Banks, on the bond register, and will be promptly delivered by the Trustee to a custodian to be held under a custody agreement (the "Bank Bond Custody Agreement") or as the Administrative Agent may otherwise direct (any Series 2005A/2007A Bonds so purchased, until remarketed, "Bank Bonds").

Conditions. The several obligation of the Banks to purchase Series 2005A 2007A Bonds under the Standby Purchase Agreement on any date is subject to the satisfaction of the following conditions:

- (a) no Special Event of Default (as defined herein under "Remedies") has occurred;

(b) no event which causes the suspension of the obligation of the Banks to purchase Series 2005A/2007A Bonds (*see* “Remedies”) has occurred and is continuing; and

(c) the Administrative Agent, on behalf of the Banks, has timely received the Notice of Bank Purchase(s).

Reduction of Commitments. Upon (i) any redemption, repayment or other payment of all or any portion of the principal amount of the Series 2005A/2007A Bonds or (ii) the close of business on the Business Day immediately succeeding the date on which the interest rate borne by all of the Series 2005A/2007A Bonds is converted to a rate of interest other than a Daily Rate or Weekly Rate, the Available Commitment will automatically be reduced by the principal amount of the Series 2005A/2007A Bonds so redeemed, repaid or otherwise paid or so converted.

Termination. The Available Commitment will terminate on the earliest to occur of:

(a) the later of (i) 5:00 p.m. New York time on March 28, 2011, or, if such day is not a Business Day, the Business Day next preceding such day, and (ii) 5:00 p.m. New York time on the last day of any extension of such date pursuant to the Standby Purchase Agreement, or, if such day is not a Business Day, the Business Day next preceding such day;

(b) the date on which no Series 2005A/2007A Bonds are Outstanding;

(c) with respect to any Series 2005A/2007A Bonds, the close of business on the Business Day immediately succeeding the date on which the interest rate borne by such Series 2005A/2007A Bonds is converted to a rate of interest other than a Daily Rate or Weekly Rate;

(d) the close of business on the thirtieth day following the date on which a Notice of Termination Date (as defined herein under “Remedies”) is received by the Finance Authority and the Trustee, or, if such thirtieth day is not a Business Day, the next succeeding Business Day;

(e) the date on which the Available Commitment has been reduced to zero or terminated in its entirety as described under “Reduction of Commitments” or “Remedies” or as permitted by the Indenture; and

(f) the Business Day immediately succeeding the date on which an Alternate Liquidity Facility is substituted for the Standby Purchase Agreement in accordance with the Indenture.

Events of Default. The following events are “Events of Default” under the Standby Purchase Agreement:

(a) the Finance Authority fails to pay when due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) any principal of or interest on any Series 2005A/2007A Bond or any Bank Bond (other than as a result of acceleration of the payment of any Bank Bond as described below under “Remedies”); or

(b) the Finance Authority fails to pay any other amount owed by the Finance Authority under the Standby Purchase Agreement (other than amounts described in (a) above) and such failure continues for three Business Days; or

(c) any representation or warranty made by or on behalf of the Finance Authority in the Standby Purchase Agreement, the Series 2005A/2007A Bonds, the Bank Bond Custody Agreement, the Indenture, the Lease, the Sublease, the Revenue Deposit Agreement, the Remarketing Agreements, certain certificates of the OMB or certain certificates of the Board, or any exhibits, instruments or agreements, and any amendments or supplements to any of the foregoing (the “Related Documents”), or in any certificate or statement delivered thereunder, is incorrect or untrue in any material respect when made or deemed to have been made or delivered; or

(d) the Finance Authority defaults in the due performance or observance of certain covenants in the Standby Purchase Agreement; or

(e) the Finance Authority defaults in the due performance or observance of any other term, covenant or agreement contained in the Standby Purchase Agreement or any other Related Document and such default remains unremedied for a period of 30 days after the occurrence thereof; or

(f) one or more final, unappealable judgments against the Finance Authority payable from the Trust Estate (including payments made by the Building Authority on the Series 2005A Building Authority Note and Series 2007A Building Authority Note, all moneys obligated to be paid to the Trustee pursuant to the Revenue Deposit Agreement, the Lease and the Sublease, and the earnings thereon and all the proceeds thereof, collectively, the “Pledged Revenues”), for the payment of money (and not covered by insurance) or attachments against the Pledged Revenues, which, individually or in the aggregate, equal or exceed \$5,000,000, remains unpaid, unstayed, undischarged, unbonded or undismissed for a period of 60 days; or

(g) (i) the Finance Authority commences any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it as bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it, or seeking to declare a moratorium with respect to the payment of principal of or interest on any indebtedness of the Finance Authority secured by the Pledged Revenues, or (B) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its assets or for all or any portion of the Pledged Revenues, or the Finance Authority makes a general assignment for the benefit of its creditors; or (ii) there is commenced against the Finance Authority any case, proceeding or other action of a nature referred to in clause (i) above which (x) results in an order for such relief or in the appointment of a receiver or similar official or (y) remains undismissed, undischarged or unbonded for a period of 60 days; or (iii) there is commenced against the Finance Authority, any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets or for all or any portion of the Pledged Revenues, which (x) results in the entry of an order for any such relief or (y) has not been vacated, discharged or stayed or bonded pending appeal within 60 days from the entry thereof; or (iv) the Finance Authority takes any action in furtherance of, or indicating its consent to, approval of or acquiescence in, any of the acts set forth in clause (i), (ii) or (iii) above; or (v) the Finance Authority has repudiated its debts or is generally not, or is unable to, or admits in writing its inability to, pay its debts; or (vi) a moratorium is imposed by a finding or ruling by a court or any national, state or local government (whether domestic or foreign), any political subdivision thereof or any other governmental, quasi-governmental, judicial, public or statutory instrumentality, authority, body, tribunal, agency, bureau, court or entity (including the Federal Reserve Board, any central bank or any comparable authority), or any arbitrator with authority to bind a party at law (each, a “Governmental Authority”), with competent jurisdiction with respect to the payment of principal of or interest on any indebtedness of the Finance Authority secured by the Pledged Revenues; or

(h) (i) any provision of the Standby Purchase Agreement, the Series 2005A/2007A Bonds, the Indenture, the Lease, the Sublease or the Revenue Deposit Agreement (the “Bond Documents”) related to (A) payment of principal of or interest on the Series 2005A/2007A Bonds (including Bank Bonds) or any indebtedness of the Finance Authority senior to or on a parity with the Series 2005A/2007A Bonds and secured by and payable from the Pledged Revenues or (B) the validity or enforceability of the pledge of the Pledged Revenues at any time for any reason ceases to be valid and binding on the Finance Authority as a result of a finding or ruling by a court or Government Authority with competent jurisdiction, or is declared, in a final nonappealable judgment by any court of competent jurisdiction, to be null and void, invalid or unenforceable; or (ii) the validity or enforceability of any material provision of the Standby Purchase Agreement or any other Bond Document related to (A) payment of principal of or interest on the Series 2005A/2007A Bonds (including Bank Bonds) or any indebtedness of the Finance Authority senior to or on a parity with the Series 2005A/2007A Bonds and secured by and payable from the Pledged Revenues or (B) the validity or enforceability of the pledge of the Pledged Revenues is publicly contested by the

Finance Authority; or (iii) any material provision of the Standby Purchase Agreement or any other Bond Document, other than a provision described in clause (i) of this subparagraph (h), at any time for any reason ceases to be valid and binding on the Finance Authority as a result of a ruling or finding by a court or a Governmental Authority with competent jurisdiction or is declared in a final non-appealable judgment by any court with competent jurisdiction to be null and void, invalid or unenforceable, or the validity or enforceability thereof is publicly contested by the Finance Authority; or

(i) the Finance Authority fails to pay when due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) any Series 2005A/2007A Bonds or other indebtedness of the Finance Authority senior to or on a parity with the Series 2005A/2007A Bonds and secured by and payable from the Pledged Revenues, or any interest or premium thereon, and such failure continues beyond any applicable period of grace specified in any underlying resolution, resolution, contract or instrument providing for the creation of or concerning such indebtedness, or pursuant to the provisions of any such resolution, indenture, contract or instrument, the maturity of any such indebtedness, as a result of a payment default of any nature, has or may be accelerated or may be required to be prepaid prior to the stated maturity thereof; or

(j) (i) the long-term unenhanced rating by Fitch, S&P and Moody's of the Series 2005A/2007A Bonds or any other indebtedness of the Finance Authority senior to or on a parity with the Series 2005A/2007A Bonds and secured by and payable from the Pledged Revenues is withdrawn or suspended (for credit related reasons) or reduced below "BBB-" (or its equivalent) by Fitch, "BBB-" (or its equivalent) by S&P and "Baa3" (or its equivalent) by Moody's, respectively, other than as a result of debt maturity, redemption, defeasance, non-application or non-provision of information; or (ii) the long-term unenhanced rating by Fitch, S&P or Moody's of the Series 2005A/2007A Bonds or any other indebtedness of the Finance Authority senior to or on a parity with the Series 2005A/2007A Bonds and secured by and payable from the Pledged Revenues is reduced below "A+" (or its equivalent) by Fitch, "A+" (or its equivalent) by S&P or "A1" (or its equivalent) by Moody's; or

(k) any "event of default" under the Indenture or any instrument authorizing the issuance of indebtedness of the Finance Authority senior to or on a parity with the Series 2005A/2007A Bonds and secured by and payable from the Pledged Revenues or under any other Related Document which is not cured within any applicable cure period occurs which, if not cured, would give rise to remedies available thereunder.

Remedies. Upon the occurrence of an Event of Default as specified in subparagraph (a), (f), (g), (h)(i), (i) or (j)(i) under "Events of Default" (each, a "Special Event of Default"), all obligations of the Banks under the Standby Purchase Agreement to purchase Series 2005A/2007A Bonds will be immediately and automatically terminated, without notice, and thereafter the Banks will have no further obligation to purchase any Series 2005A/2007A Bonds.

Upon the occurrence of an Event of Default specified in subparagraph (h)(ii) under "Events of Default," the obligations of the Banks under the Standby Purchase Agreement will be suspended from the time of the occurrence of such Event of Default, and in the event any provision of the Standby Purchase Agreement or any other Bond Document relating to the payment of principal or interest on the Series 2005A/2007A Bonds (including Bank Bonds) or any other indebtedness of the Finance Authority senior to or on a parity with the Series 2005A/2007A Bonds and secured by and payable from the Pledged Revenues or the pledge of the Trust Estate is determined to be null and void, unenforceable or invalid, in either case, by a court or other Governmental Authority with competent jurisdiction, then the obligations of the Banks under the Standby Purchase Agreement will terminate as described in the immediately preceding paragraph. However, if such provisions are upheld in their entirety, then the Banks' obligations under the Standby Purchase Agreement will be automatically reinstated and the terms of the Standby Purchase Agreement will continue in full force and effect (unless the Standby Purchase Agreement has otherwise expired or been terminated in accordance with its terms) as if there had been no such suspension. If the Event of Default which gave rise to the suspension of the obligations of the Banks as described in this paragraph has not been cured or does not cease to exist prior to the three year anniversary of such occurrence or the Standby Purchase Agreement has terminated in accordance with its terms, the obligations of the Banks under the Standby Purchase

will be terminated upon written notice from the Banks to the Finance Authority, and thereafter the Banks will have no further obligations under the Standby Purchase.

Upon the occurrence and during the continuance of an event which with notice and/or lapse of time would be an Event of Default described in subparagraph (g) under “Events of Default,” the obligations of the Banks to purchase Series 2005A/2007A Bonds under the Standby Purchase Agreement will be immediately and automatically suspended, without notice, and the Banks will be under no further obligation under the Standby Purchase Agreement to purchase Series 2005A/2007A Bonds, until the bankruptcy, insolvency or similar proceeding referred to therein is terminated prior to the court entering an order granting the relief sought in such proceeding. In the event such proceeding is terminated, then the obligations of the Banks under the Standby Purchase Agreement will be automatically reinstated and the terms of the Standby Purchase Agreement will continue in full force and effect (unless the obligations of the Banks to purchase Series 2005A/2007A Bonds under the Standby Purchase have otherwise terminated or there has occurred a Special Event of Default, as if there had been no such suspension.

Upon the occurrence and continuance of an Event of Default, the Administrative Agent, on behalf of the Banks, may give written notice of such Event of Default (a “Notice of Termination Date”) to the Finance Authority, the Trustee and the Remarketing Agents and request the Trustee to give notice of mandatory tender for purchase of Bonds pursuant to the Indenture and prohibit the remarketing of the Series 2005A/2007A Bonds, specifying the Business Day on which at 3:00 p.m. (New York time) the Available Commitment will terminate (the “Termination Date”), which will not be less than 30 days from the date of receipt of such notice by the Trustee. After the Termination Date, the Banks will be under no further obligation to purchase Series 2005A/2007A Bonds.

In addition to the rights and remedies described above, in the case of any Event of Default, the Administrative Agent and/or a majority of the Banks may declare all obligations of the Finance Authority to the Administrative Agent and the Banks under the Standby Purchase Agreement and under the Bank Bonds to be immediately due and payable. Further, upon the occurrence of an Event of Default under subparagraph (g) under “Events of Default,” all obligations of the Finance Authority to the Administrative Agent and the Banks under the Standby Purchase Agreement and under the Bank Bonds will immediately and automatically become due and payable. However, the obligations of the Finance Authority to the Administrative Agent and the Banks under the Standby Purchase Agreement and the other Related Documents may only be accelerated pursuant to the Standby Purchase Agreement to the extent that such acceleration is permitted pursuant to the Indenture. In addition, the Administrative Agent and a majority of the Banks may take any other action or remedy permitted by law to enforce the rights of the Banks under the Standby Purchase Agreement, the Series 2005A/2007A Bonds (if the Banks are a Bank Bondholder) and any other Related Document.

Alternate Liquidity Facility; Credit Enhancement

Under the Indenture, the Finance Authority may provide any Alternate Liquidity Facility issued by any Liquidity Provider, in substitution for the Standby Purchase Agreement or any other Liquidity Facility, or any Credit Enhancement issued by any Credit Provider, on any Business Day not later than the fifth Business Day prior to the Expiration Date of any Liquidity Facility or Credit Enhancement then in effect. The Trustee will give notice of such Substitution Date as described under “DESCRIPTION OF SERIES 2005A/2007A BONDS—Tender for Purchase—Mandatory Tender for Purchase.”

On or before the Substitution Date for any Alternate Liquidity Facility or Credit Enhancement, there must be delivered to the Trustee or the Tender Agent, as applicable:

- (i) such Alternate Liquidity Facility or Credit Enhancement in substitution for any Liquidity Facility or Credit Enhancement then in effect;
- (ii) a Favorable Opinion of Bond Counsel;
- (iii) a written opinion of counsel for the provider of such Alternate Liquidity Facility or Credit Enhancement, to the effect that such Alternate Liquidity Facility or Credit Enhancement is a valid, legal and binding obligation of the provider thereof; and

(iv) unless waived by such entity, written evidence satisfactory to any Liquidity Provider or Credit Provider of the provision for purchase from such Liquidity Provider of all Liquidity Provider Bonds, at a price equal to the principal amount thereof plus accrued and unpaid interest, and payment of all amounts due to any Liquidity Provider or Credit Provider under any reimbursement agreement, credit agreement, line of credit agreement, standby purchase agreement or other agreement, by and between such Liquidity Provider or Credit Provider and the Finance Authority (a "Reimbursement Agreement"), on or before the effective date of such Alternate Liquidity Facility or Credit Enhancement.

Upon the satisfaction of the conditions described in the preceding sentence, the Trustee will accept such Alternate Liquidity Facility or Credit Enhancement on the close of business of the Substitution Date and will surrender any Liquidity Facility or Credit Enhancement then in effect to the provider thereof on the Substitution Date. If any condition to the substitution is not satisfied, the substitution will not occur, but the Series 2005A/2007A Bonds will remain subject to mandatory purchase on the proposed Substitution Date, and, on the proposed Substitution Date, the Trustee will draw on the Liquidity Facility (and not the Alternate Liquidity Facility) to pay the Purchase Price of the Series 2005A/2007A Bonds on the proposed Substitution Date.

INDIANA FINANCE AUTHORITY

General

The Finance Authority is a public body politic and corporate, not a state agency, but an independent public instrumentality under the Finance Authority Act. Though separate from the State, the exercise by the Finance Authority of its powers constitutes an essential governmental function. The Finance Authority has no taxing power, and any indebtedness incurred by the Finance Authority does not constitute an indebtedness of the State within the meaning or application of any constitutional provision or limitation.

Organization, Membership

The Finance Authority consists of the State Budget Director (or the State Budget Director's designee), who serves as Chairman of the Finance Authority, the Treasurer of State (or the Treasurer of State's designee), and three members appointed by the Governor. No more than two of the Governor's appointees may be members of the same political party. In addition, the Governor's appointees must be residents of the State, serve for terms of four years and until their successors are appointed and qualified, and may be reappointed by the Governor. The members of the Finance Authority elect one of the members to serve as Vice Chairman and other officers as they may determine. Members are entitled to reimbursement for travel expenses and other expenses actually incurred in connection with their duties as provided by law, but are not entitled to any salary *per diem* while performing their duties.

Any three members of the Finance Authority constitute a quorum and the affirmative votes of at least three members are necessary for action to be taken by the Finance Authority.

The following persons comprise the Finance Authority:

RYAN C. KITCHELL, State Budget Director Designee, Chairman of the Finance Authority. Residence: Zionsville, Indiana. Principal occupation: Director of Indiana's Office of Management and Budget.

RICHARD E. MOURDOCK, Treasurer of State. Residence: Evansville, Indiana. Principal occupation: Treasurer of State.

MARK T. RYAN, appointed member; Vice Chairman of the Finance Authority; term expires May 15, 2011. Residence: Indianapolis, Indiana. Principal occupation: Retired (former executive of Eli Lilly & Co.).

STEVEN R. SCHULTZ, appointed member; term expires May 15, 2011. Residence: Columbus, Indiana. Principal occupation: First Vice President and General Counsel, Irwin Financial Corporation.

OWEN B. MELTON, JR., appointed member; term expires May 15, 2010. Residence: Carmel, Indiana. Principal occupation: Retired (former Chief Executive Officer of First Indiana Bank, N.A.).

The financial affairs of the Finance Authority, including the issuance of bonds, are managed by the Public Finance Director of the State and employees of the Authority. *Jennifer M. Alvey* is the Public Finance Director of the State.

OTHER PARTIES TO FINANCING

Indiana Stadium and Convention Building Authority

The Building Authority was established by the General Assembly in 2005 as a body both corporate and politic pursuant to Indiana Code 5-1-17 (the "Building Authority Act"). According to the Building Authority Act, the Building Authority was created as an instrumentality of the State, to acquire, construct, equip, own, lease and finance facilities for lease to or for the benefit of a capital improvement board.

The Board of Directors of the Building Authority consists of seven members, four of which are appointed by the Governor of the State (the "Governor") (with the President Pro Tempore of the Senate and the Speaker of the House of Representatives each making one recommendation), two of which are appointed by the Mayor of the City of Indianapolis (the "Mayor") and one of which is appointed by the Governor after having been nominated by the county fiscal body of a county that is contiguous to Marion County as further set forth in the Building Authority Act. Each member must be a resident of the State and with the exception of the member appointed by the Governor upon the nomination of the contiguous county, the members each serve a three year term. The remaining member serves a one year term. Each member may be reappointed to subsequent terms. The Governor shall nominate an Executive Director for the Building Authority, such nomination being subject to the veto power of the Mayor. Also, the Governor shall appoint a member of the Board of Directors to serve as Chair of the Board of Directors. The Board of Directors shall elect one of the members to be Vice Chair and another member to be Secretary-Treasurer. The Board of Directors may also elect an Assistant Secretary-Treasurer.

A majority of the members constitutes a quorum and the consensus of a majority is necessary to authorize any action.

The following persons comprise the Board of Directors of the Building Authority:

David R. Frick, Chair of the Board of Directors of the Building Authority. Residence: Indianapolis, Indiana. Principal occupation: Counsel with Baker & Daniels LLP.

Patrick Sherman, Member of the Board of Directors of the Building Authority. Residence: Greenwood, Indiana. Principal occupation: President of Sherman & Armbruster, Certified Public Accountants.

Charles E. Golden, Secretary-Treasurer of the Board of Directors of the Building Authority. Residence: Indianapolis, Indiana. Principal occupation: Retired (former Executive Vice President and Chief Financial Officer of Eli Lilly and Company and a former member of its Board of Directors).

Joseph M. Perkins, Jr., Assistant Secretary-Treasurer of the Board of Directors of the Building Authority. Residence: Carmel, Indiana. Principal occupation: Senior Attorney for the Cummins Power Generation Business Unit.

John M. Mutz, Member of the Board of Directors of the Building Authority. Residence: Indianapolis, Indiana. Principal occupation: Consultant and private investor.

John T. Thompson, Member of the Board of Directors of the Building Authority. Residence: Indianapolis, Indiana. Principal occupation: President/CEO, Thompson Distribution Co., Inc./First Electric Supply Co., Indianapolis, Indiana.

There is one vacancy on the Board of Directors of the Building Authority.

The Executive Director of the Building Authority is *John P. Klipsch*, who resides in Indianapolis, Indiana.

Indiana Office of Management and Budget

The OMB was established by the General Assembly in 2005 pursuant to Indiana Code 4-3-22 (the “OMB Act”) to provide financial oversight and a management mechanism to restore the soundness of the State’s budget process, to ensure that effective financial management policies are implemented throughout state government, to coordinate all functions related to budgeting and controlling spending in state government, to measure the performance of government activities, and to subject state laws and regulations to a rigorous cost-benefit analysis.

The Director of the OMB is appointed by the Governor, reports directly to the Governor and is the Chief Financial Officer of the State. The Director of the OMB may also serve as the Director of the Budget Agency unless the Governor appoints a separate individual to serve as the Director of the Budget Agency. If the same individual holds both offices, such individual is not entitled to receive any salary or other compensation as Director of the Budget Agency. The Governor has appointed Ryan C. Kitchell as the Director of the OMB.

The Directors of the Budget Agency (if different from the Director of the OMB), the Department of State Revenue, the Department of Local Government Finance and the Finance Authority report to the Director of the OMB and administer their offices and agencies in conformity with the fiscal management policies and procedures established by the OMB which policies and procedures have been approved by the Governor.

Pursuant to Executive Order 05-02, the OMB oversees and coordinates the functions, responsibilities and duties of the Public Employees Retirement Fund (PERF), the Teachers’ Retirement Fund (TRF) and the State Board of Accounts to the fullest extent permitted by law.

There is created within the OMB the Division of Government Efficiency and Financial Planning which shall conduct operational and procedural audits of state government, perform financial planning, design and implement efficiency projects, and carry out such other responsibilities as may be designated by the Director of the OMB. The Director of the OMB appoints a Director of the Division of Government Efficiency and Financial Planning, subject to the approval of the Governor, who serves at the pleasure of the Director of the OMB.

Capital Improvement Board of Managers of Marion County

The Board was created pursuant to the provisions of Indiana Code 36-10-9 (the “Board Act”) and is authorized thereunder, on behalf of Marion County, among other things, to acquire, construct, convey and lease, control and operate capital improvements and to issue bonds in the name of the County to finance the costs of such capital improvements. The Board is authorized to sell such capital improvements to, and to lease the same from, the Building Authority and to secure its rental obligations under such leases by a pledge of certain excise taxes and other revenues, if any, deposited in the Capital Improvement Bond Fund created under the Board Act.

The Board consists of nine members, six of whom are appointed by the Mayor, two of whom are appointed by the Marion County Board of Commissioners and one of whom is appointed by the Indianapolis City-County Council from its membership. The Board Act requires that one of the members of the Board appointed by the Mayor be engaged in the hotel or motel business in Marion County and that no more than four of the six members of the Board appointed by the Mayor and no more than one of the two members of the Board appointed by the Marion County Board of Commissioners be of the same political party. The Board Act provides that a majority of the members of the Board constitutes a quorum for the conduct of Board business and that the concurrence of a majority of the board is necessary to authorize any action.

LITIGATION

On or as of each Conversion Date, the Finance Authority will certify that there is no litigation or other proceeding pending or, to the knowledge of the Finance Authority, threatened in any court, agency or other

administrative body restraining or contesting the issuance, sale, execution or delivery of the Series 2005A/2007A Bonds, the pledging of the Trust Estate under the Indenture, or in any way affecting the validity of any provision of the Series 2005A/2007A Bonds, the resolutions authorizing the Series 2005A/2007A Bonds, the Indenture, the Lease, the Sublease or the pledges or applications of any moneys or securities provided for the payment of the Series 2005A/2007A Bonds, or the execution and delivery of, and performance by, the respective parties to the Lease and the Sublease. On or as of each Conversion Date, the Building Authority, the OMB and the Board will certify that there is no litigation or other proceeding pending or, to the knowledge of the Building Authority, the OMB and the Board, threatened in any court, agency or other administrative body in any way affecting the execution and delivery of, and performance by, the respective parties to the Lease or the Sublease. Neither the creation, organization or existence of the Finance Authority, the Building Authority, the OMB or the Board, nor the title of any of the present members or other officers of the Finance Authority, the Building Authority, the OMB or the Board to their respective offices, is being contested. For a discussion of litigation involving the State, *See* “APPENDIX A – FINANCIAL AND ECONOMIC STATEMENT FOR STATE OF INDIANA – LITIGATION.”

TAX MATTERS

On the date of issuance of each series of the Series 2005A/2007A Bonds, Barnes & Thornburg LLP, Indianapolis, Indiana (“Bond Counsel”), issued its opinion that, under existing laws, interest on such series of the Series 2005A/2007A Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended and in effect on the date of issuance of such series of the Series 2005A/2007A Bonds. The opinions of Bond Counsel were based on certain certifications, covenants and representations of the Finance Authority, the Building Authority, the OMB and the Board and were conditioned on continuing compliance therewith. On the date of issuance of each series of the Series 2005A/2007A Bonds, Bond Counsel issued its opinion that, under existing laws, interest on such series of the Series 2005A/2007A Bonds is exempt from income taxation in the State of Indiana for all purposes except the Indiana financial institutions tax. *See* “APPENDIX H—FORM OF OPINIONS OF BOND COUNSEL.”

On or as of the Conversion Date of any Series 2005A/2007A Bonds, Bond Counsel will issue its opinion that the change in the Mode of such Series 2005A/2007A Bonds from the Auction Rate Securities Mode to the Weekly Mode will not, in and of itself, cause the interest on such Series 2005A/2007A Bonds to be not excludable from gross income from federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended and in effect on the date of such change (the “Code”). The opinions of Bond Counsel will be based on certain certifications, covenants and representations of the Finance Authority, the Building Authority, the OMB and the Board and will be conditioned on continuing compliance therewith. On or as of the Conversion Date of any Series 2005A/2007A Bonds, Bond Counsel will issue its opinion that, under existing law, the change in the Mode of such Series 2005A/2007A Bonds from the Auction Rate Securities Mode to the Weekly Mode will not, in and of itself, cause the interest on the such Series 2005A/2007A Bonds to be not exempt from income taxation in the State for all purposes except the State financial institutions tax. *See* “APPENDIX H—FORM OF OPINIONS OF BOND COUNSEL.”

The Code imposes certain requirements which must be met subsequent to the issuance of the Series 2005A/2007A Bonds as a condition to the excludability of the interest on the Series 2005A/2007A Bonds from gross income for federal income tax purposes. Noncompliance with such requirements may cause interest on the Series 2005A/2007A Bonds to be included in gross income for federal income tax purposes retroactively to the date of issue, regardless of the date on which noncompliance occurs. Should the Series 2005A/2007A Bonds bear interest that is not excludable from gross income for federal income tax purposes, the market value of the Series 2005A/2007A Bonds would be materially and adversely affected.

The interest on the Series 2005A/2007A Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes. However, interest on the Series 2005A/2007A Bonds is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations.

The Series 2005A/2007A Bonds are *not* “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.

Indiana Code 6-5.5 imposes a franchise tax on certain taxpayers (as defined in Indiana Code 6-5.5) which, in general, include all corporations which are transacting the business of a financial institution in the State. The franchise tax is measured in part by interest excluded from gross income under Section 103 of the Code minus associated expenses disallowed under Section 265 of the Code.

Although, at the time of issuance of the Series 2005A/2007A Bonds, Bond Counsel rendered opinions that interest on the Series 2005A/2007A Bonds is excludable from gross income for federal income tax purposes and exempt from State income tax, the accrual or receipt of interest on the Series 2005A/2007A Bonds may otherwise affect an owner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the owner's particular tax status and the owner's other items of income or deduction. Bond Counsel expresses no opinion regarding the effect on the excludability of the interest on the Series 2005A/2007A Bonds from gross income for federal income tax purposes of (i) any change, after the final Conversion Date, in the Mode of the Series 2005A/2007A Bonds from any Mode to any other Mode or (ii) any delivery, after the final Conversion Date, of any Liquidity Facility or Credit Enhancement to the Trustee. Bond Counsel expresses no opinion regarding any other such tax consequences. Prospective purchasers of the Series 2005A/2007A Bonds should consult their own tax advisors with regard to the other tax consequences of owning the Series 2005A/2007A Bonds.

The foregoing does not purport to be a comprehensive description of all of the tax consequences of owning the Series 2005A/2007A Bonds. Prospective purchasers of the Series 2007A Bonds should consult their own tax advisors with respect to the foregoing and other tax consequences of owning the Series 2005A/2007A Bonds.

ENFORCEABILITY OF REMEDIES

The enforceability of the rights and remedies of the Trustee or holders of the Series 2005A/2007A Bonds under the Indenture, the enforceability of the rights and remedies of the Finance Authority and the Building Authority under the Loan Agreement, the enforceability of the rights and remedies of any other party under any other agreement in this financing, and the availability of remedies to any party seeking to enforce the pledge of the Trust Estate relating to the Series 2005A/2007A Bonds, including the pledge of the rentals under the Lease and Sublease (collectively, the "Pledges"), are in many respects dependent upon regulatory and judicial actions, including specifically Title 11 of the United States Code (the United States Bankruptcy Code), the rights and remedies provided (or which may be provided) under the Indenture, the Loan Agreement, the Lease, the Sublease and any other agreement in this financing, and the rights and remedies of any party seeking to enforce the Pledges, may not be readily available or may be limited.

The various legal opinions delivered at the time of issuance of the Series 2005A/2007A Bonds were, and the various legal opinions to be delivered on or as of each Conversion Date will be, qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights and by the exercise of judicial discretion in appropriate cases.

APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters incidental to the remarketing of the Series 2005A/2007A Bonds are subject to the approving opinions of Barnes & Thornburg LLP, Indianapolis, Indiana, Bond Counsel to the Finance Authority. *See* "APPENDIX H—FORM OF OPINIONS OF BOND COUNSEL." Certain legal matters will be passed upon for the Banks by Chapman and Cutler LLP, Chicago, Illinois. Certain legal matters will be passed upon for the Remarketing Agents by Krieg DeVault LLP, Indianapolis, Indiana.

The various legal opinions delivered at the time of issuance of the Series 2005A/2007A Bonds were, and the various legal opinions to be delivered on or as of each Conversion Date will be, qualified as to the enforceability of the various legal instruments by limitations imposed by the valid exercise of the constitutional powers of the State of Indiana and the United States of America and bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally, and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law). Such legal opinions express the professional judgment of the attorneys rendering the opinions on the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon or of the future performance of parties to such transaction. The rendering of an

opinion does not guarantee the outcome of any legal dispute that may arise out of the transaction. *See* “ENFORCEABILITY OF REMEDIES.”

REMARKETING

The Series 2005A/2007A Bonds of each series are being remarketed by the Remarketing Agent for such series set forth on the inside cover to this Official Statement.

RATINGS

Moody’s Investors Service (“Moody’s”), Standard & Poor’s Ratings Services (“S&P”) and FitchRatings (“Fitch”) have assigned ratings of “Aa3”/“VMIG1”, “AA”/“A-1+” and “AA”/“F1+”, respectively, to the Series 2005A/2007A Bonds. These ratings reflect (i) the delivery of the Standby Purchase Agreement by the Banks and (ii) only the views of Moody’s, S&P and Fitch. An explanation of the ratings may be obtained from Moody’s at 99 Church Street, New York, New York 10007, from S&P at 55 Water Street, New York, New York 10004, and from Fitch at One State Street Plaza, New York, New York 10004.

The ratings are not a recommendation to buy, sell or hold any of the Series 2005A/2007A Bonds. There is no assurance that the ratings will remain in effect for any given period of time or that a rating will not be revised downward or withdrawn entirely by Moody’s, S&P or Fitch if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price or marketability of the Series 2005A/2007A Bonds.

CONTINUING DISCLOSURE

In order to assist the Underwriters in meeting the Securities and Exchange Commission’s continuing disclosure requirements, the Finance Authority and the State have entered into Continuing Disclosure Agreements with the Trustee, as counterparty (the “State Continuing Disclosure Agreements”), and the Board has entered into Continuing Disclosure Agreements (the “Board Continuing Disclosure Agreements”). For a summary of certain provisions of the State Continuing Disclosure Agreements and the Board Continuing Disclosure Agreements, *see* “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF STATE AND BOARD CONTINUING DISCLOSURE AGREEMENTS.”

Copies of the State Continuing Disclosure Agreements and the Board Continuing Disclosure Agreements are available from the Finance Authority upon request. *See* “MISCELLANEOUS.”

CERTAIN RELATIONSHIPS

The Bank of New York Trust Company, N.A., which is serving as the Trustee, and The Bank of New York, which is one of the Banks under the Standby Purchase Agreement, are direct or indirect subsidiaries of The Bank of New York Mellon Corporation. *See* “SECURITY AND SOURCES OF PAYMENT FOR SERIES 2005A/2007A BONDS—Special Considerations—Liquidity Facility.”

JPMorgan Securities Inc., which is serving as one of the Remarketing Agents, and JPMorgan Chase Bank, National Association, which is one of the Banks under the Standby Purchase Agreement, are direct or indirect subsidiaries of JPMorgan Chase & Co.

The Finance Authority may from time to time enter into Hedge Agreements for the Series 2005A/2007A Bonds with any of the Remarketing Agents. *See* “SECURITY AND SOURCES OF PAYMENT FOR SERIES 2005A/2007A BONDS—Hedging Program.”

Robert T. Grand, a member of the Capital Improvement Board of Managers of Marion County, which subleases the Stadium Project, is a partner with Barnes & Thornburg LLP, which is serving as bond counsel to the Finance Authority in this financing.

MISCELLANEOUS

Information contained in this Official Statement with respect to the Finance Authority and copies of the Indenture, the Loan Agreement, the Lease, the Sublease, the Revenue Deposit Agreement, the Standby Purchase Agreement, the State Continuing Disclosure Agreements and the Board Continuing Disclosure Agreements referred to in this Official Statement may be obtained from the Indiana Finance Authority, One North Capitol, Suite 900, Indianapolis, Indiana 46204; Attention: Public Finance Director of the State of Indiana.

This Official Statement is submitted in connection with the issuance and sale of the Series 2005A/2007A Bonds and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement has been duly authorized and approved by the Finance Authority and duly executed and delivered on its behalf by the officials signing below.

Any statements in this Official Statement involving matters of opinion, projections or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized. Neither any advertisement of the Series 2005A/2007A Bonds nor this Official Statement is to be construed as constituting a contract or agreement between the Finance Authority and the purchasers or owners of the Series 2005A/2007A Bonds.

The references herein, and in the Appendices attached hereto, to the Indenture and the other documents referred to herein and in the Appendices are brief outlines of such provisions, and reference is made to such documents. Copies of the documents mentioned under this heading are on file at the office of the Finance Authority and following delivery of the Series 2005A/2007A Bonds will be on file at the principal corporate trust office of the Trustee.

The attached APPENDICES A, B, C, D, E, F, G and H are integral parts of this Official Statement and should be read in their entirety together with all foregoing statements.

The Finance Authority has approved this Official Statement.

This Official Statement has been duly approved, executed and delivered by the Finance Authority.

INDIANA FINANCE AUTHORITY

By: /s/ Ryan C. Kitchell
Chairman

Attest:

/s/ Jennifer M. Alvey
Public Finance Director of the State of Indiana

APPENDIX A
FINANCIAL AND ECONOMIC STATEMENT
FOR
STATE OF INDIANA

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX A
FINANCIAL AND ECONOMIC STATEMENT
FOR
STATE OF INDIANA

Table of Contents

	Page
INTRODUCTION	1
STRUCTURE OF STATE GOVERNMENT	1
Division of Powers	1
Executive Department	1
Legislative Department	2
Judicial Department	2
FISCAL POLICIES	3
Fiscal Years	3
Accounting System	3
Fund Structure	3
Budget Process	4
State Board of Finance	6
Office of Management and Budget	6
Cash Management and Investments	7
Audits	7
2007 Financial Report	7
STATE BUDGET PROFILE AND FINANCIAL RESULTS OF OPERATIONS	8
Operating Revenue	8
General Fund and PTR Fund Revenue Sources	8
Revenue History	9
Lottery and Gaming Revenue	10
Operating Expenditures	11
Fund Balances	13
Financial Results of Operations	14
Revenue Forecast for Fiscal Years 2008 and 2009	15
Combined Balance Statements	15
Toll Road Lease	17
STATE INDEBTEDNESS	18
Constitutional Limitations on State Debt	18
Other Debt, Obligations	18
Obligations Payable from Possible State Appropriations	18
Contingent Obligations	24
Other Entities Issuing Debt	28
STATE RETIREMENT SYSTEMS	29
Public Employees' Retirement Fund	29
Other PERF Plans	30
State Teachers' Retirement Fund	31
State Police Pension Trust	32
ECONOMIC AND DEMOGRAPHIC INFORMATION	33
Summary	33
Population	33
Employment	35
Income	36
Exports	37
LITIGATION	39
Contract Litigation	39
Employment Litigation	39

Civil Rights Litigation	39
Property Litigation	40
Juvenile Incarceration Expense Litigation	40
Class Action Litigation	40

Schedule of Tables

Table 1	State Operating Revenue.....	10
Table 2	Expenditures.....	11
Table 3	Schedule of Fee Replacement Debt.....	12
Table 4	General Fund and Property Tax Replacement Fund Combined Statement of Actual and Estimated Unappropriated Reserve.....	15
Table 5	Schedule of Long Term Debt Obligations Payable from Possible State Appropriations.....	20
Table 6	Scheduled Principal and Interest Payments Obligations Payable from Possible State Appropriations.....	22
Table 7	Ratios of Outstanding Debt Subject to Possible Appropriation to Population and Personal Income.....	24
Table 8	Schedule of Long Term Debt Contingent Obligations.....	27
Table 9	Public Employees' Retirement Fund (State-Related Portion Only).....	29
Table 10	Other State Plans Pension Funds Summary of Results of Actuarial Valuation.....	30
Table 11	State Teachers' Retirement Fund Summary of Results of Actuarial Valuation.....	31
Table 12	Educational Attainment, Indiana Population 25 Years & Over.....	34
Table 13	Population, including Selected Indiana MSAs.....	34
Table 14	Indiana High-Growth Manufacturing Sub-sectors.....	35
Table 15	Indiana Non-Farm Employment by Sector; December 1996 to December 2006.....	35
Table 16	Unemployment Rate.....	36
Table 17	Growth in Per Capita Personal Income.....	36
Table 18	Indiana Gross Domestic Product by Sector; 1997 to 2006.....	37
Table 19	Exports.....	37
Table 20	Indiana's Leading Export Industries and Destinations.....	38

INTRODUCTION

This Financial and Economic Statement (this “Appendix A”) for the State of Indiana (the “State”) includes a description of the State’s economic and fiscal condition, the results of operations for the past two fiscal years and revenue and expenditure projections through the end of the biennium ending June 30, 2007. The information is compiled on behalf of the State by the State Budget Agency and the Indiana Finance Authority and includes information and data taken from the Budget Agency’s unaudited reports. It also includes information obtained from other sources the State believes to be reliable.

Additional information may be obtained by contacting the Public Finance Director of the State of Indiana, One North Capitol Avenue, Suite 900, Indianapolis, Indiana 46204; Telephone (317) 233-4332. This Appendix A should be read in its entirety, together with any supplements.

STRUCTURE OF STATE GOVERNMENT

Division of Powers

The State constitution divides the powers of State government into three separate departments: the executive (including the administrative), the legislative and the judicial. Under the State constitution, no person in any department may exercise any function of another department, unless expressly authorized to do so by the constitution.

Executive Department

The Governor, Lieutenant Governor, Secretary of State, Auditor of State, Treasurer of State, Attorney General and Superintendent of Public Instruction comprise the executive department of the State. All are elected for four-year terms.

The executive power of the State is vested in the Governor. The State constitution requires the Governor to take care that the laws are faithfully executed. The Governor may recommend legislation to the General Assembly of the State (the “General Assembly”), call special sessions of the General Assembly and veto any bill passed by the General Assembly (although any veto may be overridden if the bill is re-passed by a majority of all the members elected to each house of the General Assembly).

The Lieutenant Governor serves as the President of the State Senate. The Lieutenant Governor also serves as Secretary of Agriculture and Rural Development, is a member of the Indiana Housing and Community Development Authority, oversees the Office of Tourism Development, oversees the Energy Group and chairs the Counterterrorism and Security Council.

The Secretary of State administers State laws regulating the chartering of new businesses, the filing of commercial liens and the issuance of trademarks, notaries public and summonses. In addition, the Secretary of State regulates the State’s securities industry and oversees the State’s elections.

The Treasurer of State is responsible for the investment and safekeeping of State monies. The Treasurer of State is Secretary-Investment Manager of the State Board for Depositories and chairs the Indiana Bond Bank and Indiana Education Savings Authority. The Treasurer of State is a member of the State Board of Finance, Indiana Finance Authority, Indiana Housing and Community Development Authority, Indiana Wireless Enhanced 911 Advisory Board and Deferred Compensation Plan.

The Auditor of State maintains the State’s centralized financial accounting system for all State agencies. Responsibilities include accounting for State funds, overseeing and disbursing tax distributions to local governments, paying the State’s bills and paying the State’s employees. The Auditor of State is required by statute to prepare and publish annual statements of State funds, outlining receipts and disbursements of each State

department and agency. The Auditor of State is the administrator of the Deferred Compensation Plan, the secretary of the State Board of Finance and a member of the Board for Depositories.

The Attorney General is the chief legal officer of the State and is required to represent the State in lawsuits in which the State is a party. The Attorney General, upon request, gives legal opinions to the Governor, members of the General Assembly and officers of the State. In addition, the Attorney General investigates and prosecutes certain consumer complaints and Medicaid fraud.

The Superintendent of Public Instruction chairs the State Board of Education and directs the Department of Education.

Legislative Department

The legislative authority of the State is vested in the General Assembly, which is comprised of the House of Representatives and the Senate. The House of Representatives consists of 100 members who are elected for two-year terms beginning in November of each even-numbered calendar year. The Senate consists of 50 members who are elected for four-year terms, with one-half of the Senate elected biennially. The Speaker presides over the House of Representatives. The members of the House of Representatives select the Speaker from among the ranks of the House.

By law, the term of each General Assembly extends for two years, beginning in November of each even-numbered calendar year. The first regular session of every General Assembly occurs in the following odd-numbered year, convening not later than the second Monday in January and adjourning not later than April 29. The second regular session occurs in the following year, convening not later than the second Monday in January and adjourning not later than March 14.

Special sessions of the General Assembly may be convened by the Governor at any time. A special session of the General Assembly may not exceed 30 session days during a 40-calendar-day period. The Governor cannot limit the subject of any special session or its scope.

Judicial Department

The judicial power of the State is vested in a Supreme Court, a Court of Appeals, Circuit Courts and such other courts as the General Assembly may establish.

The Judicial Nominating Commission (comprised of the Chief Justice or his designee, three attorneys elected by the attorneys of Indiana and three non-attorney citizens appointed by the Governor) evaluates the qualifications of potential candidates for vacant seats on the Supreme Court and Court of Appeals. When a vacancy occurs in either court, the Judicial Nominating Commission submits the names of three nominees and the Governor selects one of the three.

The initial term of each newly appointed justice and judge is two years, after which the justice or judge is subject to a “yes” or “no” referendum at the time of the next general election. For justices of the Supreme Court, the entire State electorate votes on the question of approval or rejection. For Court of Appeals judges, the referendum is by district. Those justices and judges receiving an affirmative vote serve a ten-year term, after which they are again subject to referendum.

FISCAL POLICIES

Fiscal Years

The State's fiscal year is the twelve-month period beginning on July 1 of each calendar year and ending on June 30 of the succeeding calendar year (a "Fiscal Year").

Accounting System

The State maintains a central accounting system that processes all payments for State agencies and institutions, except State colleges and universities. The Auditor of State is responsible for the pre-audit of all payments, the issuance of all warrants and the maintenance of the accounting system.

Budgetary control is integrated into the accounting system. Legislative appropriations are entered into the system as an overall spending limit by account for each agency within each fund, but appropriations are not available for expenditure until allotted by the Budget Agency. Allotments authorize an agency to spend a portion of its appropriation. The Budget Agency makes quarterly allotments. Capital is allotted as projects are approved by the State Budget Committee.

The accounting system is maintained using the cash basis of accounting. At year-end, accruals are recognized as necessary to convert from the cash basis of accounting. Government-wide financial statements are recognized as full accrual basis of accounting and fund statements are recognized as modified accrual basis of accounting in accordance with generally accepted accounting principles for government financial reporting purposes.

Fund Structure

Funds are used to record the financial activities of State government. There are three major fund types: Governmental, Proprietary and Fiduciary.

Governmental Funds. Governmental Funds are used to account for the State's general governmental activities and use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recognized when susceptible to accrual (that is, when it is "measurable and available"). Expenditures are recorded when the related fund liability is incurred, except that (i) unmatured interest on general long-term debt is recognized when due and (ii) certain compensated absences and related liabilities and claims and judgments are recognized when the obligations are expected to be liquidated. Governmental Funds include the General Fund, Special Revenue Funds, Debt Service Funds and Capital Projects Funds.

General Fund. The General Fund is maintained to account for resources obtained and used for those services traditionally provided by State government that are not required to be accounted for in another fund.

Special Revenue Funds. Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

Special Revenue Funds include the Motor Vehicle Highway Fund, which receives revenue from gasoline taxes and motor vehicle registrations and operator licensing fees, and distributes that revenue among the State and its counties, cities and towns to be used for the construction, reconstruction, improvement, maintenance and policing of highways and secondary roads.

The Property Tax Replacement Fund ("PTR Fund") is also reported as a Special Revenue Fund by the Auditor of State. The PTR Fund is funded from 50% of State sales and use tax revenue, a portion of individual income tax receipts and a portion of Gaming Revenue described below. The PTR Fund is used to provide (i) property tax relief and (ii) local school aid.

Debt Service Funds. Debt Service Funds are used to account for the accumulation of resources and payment of bond principal and interest from special revenue component units that are bodies corporate and politic with the legal authority to issue bonds to finance certain improvements within the State.

Capital Projects Funds. Capital Projects Funds are used to account for financial resources to be used by the State for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). Capital Projects Funds include the Post War Construction Fund, Build Indiana Fund, Soldiers and Sailors Children's Home Fund, Veterans Home Fund, State Police Building Commission Fund, Law Enforcement Academy Building Fund, Interstate Bridge Fund and Major Construction-Indiana Army National Guard Fund.

Proprietary Funds. Proprietary Funds are used to account for a government's business-type activities. They use the accrual basis of accounting. There are two types of Proprietary Funds: Enterprise Funds and Internal Service Funds.

Enterprise Funds. Enterprise Funds are used to account for provision of services to customers outside the government. Examples are the State Lottery Commission and Inns and Concessions.

Internal Service Funds. Internal Service Funds are used to account for provision of services to other funds, departments or agencies of the government.

Fiduciary Funds. Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and cannot be used to support government programs. They use the accrual basis of accounting. Indiana has three types of Fiduciary Funds: Pension Trust Funds, Private-purpose Trust Funds and Agency Funds.

Pension Trust Funds. Pension Trust Funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other post-employment benefit plans or other employee benefit plans. Examples are the State Police Pension Fund and the Employees' Deferred Compensation Fund.

Private-purpose Trust Funds. Private-purpose Trust Funds are used to report any trust arrangement not properly reported in a pension trust fund or an investment trust fund under which principal and income benefit individuals, private organizations or other governments. Examples are the Student Loan Program Fund and the Abandoned Property Fund.

Agency Funds. Agency Funds are used to account for situations where the government's role is purely custodial, such as the receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations or other governments. Examples are the Child Support Fund and the Local Distributions Fund.

Budget Process

State Budget Agency. The Budget Agency is responsible for preparing the State budget. After the budget is enacted by the General Assembly, the Budget Agency has extensive statutory authority to administer it. The chief executive officer of the Budget Agency is the State Budget Director, who is appointed by the Governor. The Governor also appoints two Deputy Budget Directors; by law, the deputies must be of different political parties.

State Budget Committee. The Budget Committee consists of the State Budget Director and four State legislators. The Budget Committee oversees the preparation of the budget and administration of capital budgets after enactment. The legislative members of the Budget Committee consist of two members of the Senate, appointed by the President pro tempore of the Senate, and two members of the House of Representatives, appointed by the Speaker of the House of Representatives. One of the two appointees from each chamber must be nominated by the minority floor leader. Four alternate members of the Budget Committee must be legislators selected in the same manner as regular members. An alternate member participates and has the same privileges as a regular member, except that an alternate member votes only if the regular member from the alternate member's respective chamber and political party is not present. The legislators serve as liaisons between the executive and legislative departments and provide fiscal information to their respective caucuses.

Budget Development. The State operates under a two-year budget; the legislature enacts one act containing two annual budgets. On or before the first day of September in each even-numbered year, all State agencies, including State-supported higher education institutions and public employee and teacher pension fund trustees, submit budget requests to the Budget Agency. The Budget Agency then conducts an internal review of each request. In September of each even-numbered year, the Budget Committee begins hearings on budget requests. After presentations by the agencies and the Budget Agency, the Budget Committee makes budget recommendations to the Governor.

Revenue Projections. Revenue projections are prepared by the State's Technical Forecast Committee. The Economic Forecast Committee is responsible for forecasting independent variables that may be employed by the Technical Forecast Committee to derive the State's revenue projections. The Economic Forecast Committee is currently comprised of seven economists from Indiana and a special adviser associated with the Federal Reserve Bank of Chicago, all of whom serve at the request of the Governor and without pay. Members of the Economic Forecast Committee have detailed knowledge of the State and national economies, the banking community and the Federal Reserve System and have access to a national econometric model.

The Technical Forecast Committee is responsible for developing econometric models used to derive the State's revenue projections and for monitoring changes in State and federal laws that may have an impact on State revenue. Each regular member of the Budget Committee appoints a member of the Technical Forecast Committee. Members of the Budget Committee appoint one additional member from a higher education institution for a total of six members. Members of the Technical Forecast Committee are individuals with expertise in public finance.

No formal contact occurs between the Economic Forecast Committee and the Technical Forecast Committee until the chair of each group reports to the Budget Committee, although the Economic Forecast Committee provides the economic assumptions used by the Technical Forecast Committee in preparing revenue projections.

Budget Report. The budget report and budget bill are prepared by the Budget Committee with the Budget Agency's assistance. The budget report and bill are based upon the recommendations and estimates prepared by the Budget Agency and the information obtained through hearings and other inquiries. If the Budget Agency and a majority of the members of the Budget Committee differ upon any item, matter or amount to be included in the budget report and bill, the recommendation of the Budget Agency is included in the bill.

Before the second Monday of January in the year immediately after their preparation, the Budget Committee submits the budget report and bill to the Governor. The Governor then delivers the budget bill to the Budget Committee members appointed by the Speaker of the House of Representatives for introduction in the House. Although there is no law that requires a budget bill to originate in the House, by tradition, the House passes a budget bill first and sends it to the Senate for consideration.

The budget report includes (a) a statement of policy, (b) a general summary, (c) detailed data on actual receipts and expenditures for the previous budget period, (d) a description of the State capital improvement program, (e) the requests for appropriations by State agencies and (f) the Budget Agency's recommended appropriations.

Appropriations. Within 45 days following the adjournment of each regular session of the General Assembly or within 60 days following a special session of the General Assembly, the Budget Agency is required to prepare a list of all appropriations made for the budget period beginning on July 1 following such session, or for such other period as may be provided in the appropriation. The State Budget Director is required to prepare a written review and analysis of the fiscal status and affairs of the State as affected by the appropriations. The report is forwarded to the Governor, the Auditor of State and each member of the General Assembly.

On or before the first day of June of each calendar year, the Budget Agency is required to prepare a list of all appropriations made for expenditure or encumbrance for the ensuing Fiscal Year. The Auditor of State then establishes the necessary accounts based upon the list.

Intra-Agency Transfers. The Budget Agency is responsible for administering the State budget after it is enacted. The Budget Agency may, with the approval of the Governor and the State Budget Director, transfer, assign or reassign all or any part of any appropriation made to any agency for a specific use or purpose to another use or purpose, except any appropriation made to the Indiana State Teachers' Retirement Fund. The Budget Agency may take such action only if the transfer, assignment or reassignment is to meet a use or purpose that an agency is required or authorized by law to perform. The agency whose appropriation is involved must approve the transfer, assignment or reassignment.

Contingency Appropriations. The General Assembly may also make "contingency appropriations" to the Budget Agency, which are general and unrelated to any specific State agency. In the absence of other directions imposed by the General Assembly, contingency appropriations must be for the general use of any agency of the State and must be for its contingency purposes or needs, as the Budget Agency in each situation determines. The Budget Agency fixes the amount of each transfer and orders the transfer from such appropriations to the agency. The Budget Agency may make and order allocations and transfers to, and authorized expenditures by, the various State agencies to achieve the purposes of such agencies or to meet the following: (a) necessary expenditures for the preservation of public health and for the protection of persons and property that were not foreseen when appropriations were last made; (b) repair of damage to, or replacement of, any building or equipment owned by the State which has been so damaged so as to materially affect the public safety or utility thereof, or which has so deteriorated as to become unusable if such deterioration was not foreseen when appropriations were last made; (c) emergencies resulting from an increase in costs or any other factor or event that was not foreseen when appropriations were last made; or (d) supplement an exhausted fund or account of any State agency, whatsoever the cause of such exhaustion, if it is found necessary to accomplish the orderly administration of the agency or the accomplishment of an existing specific State project.

These provisions may not change, impair or destroy any fund previously created nor affect the administration of any contingency appropriations previously or subsequently made for specific purposes.

State Board of Finance

The State Board of Finance (the "Finance Board") consists of the Governor, the Treasurer of State and the Auditor of State. The Finance Board elects from its membership a president, who, by tradition, is the Governor. The Auditor of State is the secretary of the Finance Board. The Finance Board is responsible for supervising the fiscal affairs of the State and has advisory supervision of the safekeeping of all funds coming into the State treasury and all other funds belonging to the State coming into the possession of any State agency or officer. The Finance Board may transfer money between funds, except trust funds, and the Finance Board may transfer money between appropriations for any State board, department, commission, office or benevolent or penal institution.

The Finance Board has statutory authority to negotiate loans on behalf of the State for the purpose of meeting "casual deficits" in State revenue. A loan may not be for a period longer than four years after the end of the Fiscal Year in which it is made. If sufficient revenue is not being received by the General Fund to repay the loan when due, the Finance Board may levy a tax on all taxable property in the State sufficient to pay the amount of the indebtedness. The Finance Board has never negotiated a loan to meet a deficit in State revenue.

Office of Management and Budget

In 2005, legislation was enacted that established the Office of Management and Budget ("OMB"), to direct the fiscal management and budget policy of the State.

The Director ("Director") of the OMB is the chief financial officer of the State, and reports directly to the Governor. The Director is responsible for and has authority over all functions performed by the Budget Agency, the Department of State Revenue, the Department of Administration and the Department of Local Government Finance, as well as all budgeting, accounting and spending functions within the various agencies, departments and programs of State government. The Director may also serve as the State Budget Director. By statutory designation, the State Budget Director also serves as the Chairman of the Indiana Finance Authority. Pursuant to Executive Order 05-02, the OMB oversees and coordinates the functions, responsibilities and duties of the Public Employees' Retirement

Fund (PERF), the Teachers' Retirement Fund (TRF) and the State Board of Accounts to the fullest extent permitted by law.

The Division of Government Efficiency and Financial Planning of the OMB conducts operational and procedural audits of State government, performs financial planning, designs and implements efficiency projects, and carries out such other responsibilities as may be designated by the Director.

Cash Management and Investments

The Treasurer of State is responsible for the receipt, custody and deposit of all moneys paid into the State Treasury and keeps daily accounts of all funds received into the Treasury and all moneys paid out of it. The Treasurer of State is responsible for investing the General Fund, the PTR Fund and more than 60 other funds. The investments in which the Treasurer of State may invest State funds are limited to: (a) securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States and issued by the United States Treasury, a federal agency, a federal instrumentality or a federal government sponsored enterprise; (b) obligations issued by (i) agencies or instrumentalities of the United States government, (ii) federal government sponsored enterprises or (iii) the Indiana Bond Bank that are secured by tax anticipation time warrants or notes that (a) are issued by a political subdivision of the State and (b) have a maturity date not later than the end of the calendar year following the year of issuance; (c) certain money market mutual funds, the portfolio of which is limited to (i) direct obligations of the United States, (ii) obligations issued by any federal agency, federal instrumentality or federal government sponsored enterprise or (iii) repurchase agreements fully collateralized by obligations described in (i) or (ii); (d) deposit accounts of certain designated depositories; or (e) certain other securities. Investments may be made only in securities having a maturity of up to two years, except that up to 25% of the total portfolio of funds invested by the Treasurer of State may be invested in securities having a maturity of up to five years.

Audits

The State Board of Accounts is the State agency responsible for (a) auditing all State and local units of government and (b) approving uniform systems of accounting for such governments.

The State Board of Accounts performs its financial and compliance audits in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States. The State Board of Accounts issues its opinion on the fairness of financial statements and their conformity to generally accepted accounting principles for the State agencies and local units of government it audits, including the comprehensive annual financial report (or CAFR) prepared annually by the Auditor of State.

2007 Financial Report

The Indiana Comprehensive Annual Financial Report For Fiscal Year Ended June 30, 2007 (the "2007 Financial Report"), contains certain financial information about the State, including the financial statements of the State as of and for the Fiscal Year ended June 30, 2007 as set forth therein. The 2007 Financial Report was previously provided to each then nationally recognized municipal securities information repository (each then nationally recognized municipal securities information repository, a "NRMSIR"), and is included in this Appendix A by reference.

A copy of the 2007 Financial Report may be obtained from any NRMSIR. In addition, the 2007 Financial Report may be found at: <http://www.in.gov/auditor/>.

The 2007 Financial Report speaks only as of its date. The inclusion of the 2007 Financial Report in this Appendix A does not imply that there has been no change in the information therein since the date thereof.

STATE BUDGET PROFILE AND FINANCIAL RESULTS OF OPERATIONS

Operating Revenue

While certain revenue of the State is required by law to be credited to particular funds other than the General Fund, the requirement is primarily for accounting purposes and may be changed. Substantially all State revenue is general revenue until applied. No lien or priority is created to secure the application of such revenue to any particular purpose or to any claim against the State. All revenue not allocated to a particular fund is credited to the General Fund. The general policy of the State is to close each Fiscal Year with a surplus in the General Fund and a zero balance in all other accounts, except for certain dedicated and trust funds and General Fund accounts reimbursed in arrears.

Although established by law as a special revenue fund, it is helpful to combine the receipts and disbursements of the Property Tax Replacement Fund (PTR Fund) with those of the General Fund to provide a more complete and accurate description of State receipts and discretionary expenditures, especially as those expenditures relate to local school aid. For this purpose, the combined receipts are referred to as “State Operating Revenue” or “Operating Revenue.” Operating Revenue is defined as the total of General Fund and PTR Fund revenue forecasted by the Technical Forecast Committee. Total Operating Revenue together with “DSH revenue” transferred to the General Fund, plus transfers from other funds when necessary and available, are used in the determination of the State’s unappropriated balance reflected on the Combined General and PTR Fund Unappropriated Reserve Statement. “DSH” is an acronym for “Disproportionate Share for Hospitals (federal funds),” and DSH revenue constitutes additional Medicaid reimbursements provided to the State for hospitals that serve disproportionately large numbers of poor people. See “Fund Balances—Combined General and PTR Fund.”

General Fund and PTR Fund Revenue Sources

Sales and use taxes, corporate and individual income taxes and wagering taxes are the three primary sources of State Operating Revenue. Table 1 provides annual revenue by source and growth rates over time. The following is a summary of Operating Revenue by source.

Sales and Use Taxes. The 2002 General Assembly, meeting in Special Session, increased the sales and use tax rate from 5.0% to 6.0%, effective December 1, 2002. This tax is imposed on the sale and rental of tangible personal property and the sale of certain services, including the furnishing of public utility services and the rental or furnishing of public accommodations such as hotel and motel room rentals. In general, the complementary 6.0% use tax is imposed upon the storage, use or consumption of tangible personal property in the State. Some of the major exemptions from the sales and use taxes are sales of certain property to be used in manufacturing, research and development equipment after July 1, 2007, agricultural production, public transportation or governmental functions, sales for resale, food sold in grocery stores and prescription drugs.

Corporate Income Taxes. As part of tax restructuring legislation passed in 2002, the General Assembly repealed the gross income tax and the supplemental corporate net income tax and increased the corporate adjusted gross income tax rate to 8.5% of apportioned Indiana adjusted gross income (AGI). These changes were effective January 1, 2003.

Corporate Adjusted Gross Income Tax. The corporate adjusted gross income tax is applicable to corporations doing business in the State. Prior to the change in tax rate, the statutory rate for a taxpayer paying adjusted gross income tax and supplemental net income tax was 7.5%. AGI is federal taxable income with certain additions and subtractions. Certain international banking facilities and insurance companies, S corporations and tax-exempt organizations (to the extent their income is exempt for federal tax purposes) are not subject to the adjusted gross income tax. Corporate adjusted gross income tax collections are allocated to the General Fund.

Financial Institution Tax. This tax is applicable to a financial institution for the privilege of exercising its franchise or the corporate privilege of transacting the business of a financial institution in Indiana. It applies to any business which is primarily engaged in extending credit, or engaged in leasing. The tax base is a taxpayer’s apportioned adjusted gross income with statutory deductions and additions. Insurance companies, international

banking facilities, federally chartered credit unions, and S corporations are exempt. The tax rate is 8.5%. Local Units of government are guaranteed revenue based on the former Financial Institution Taxes in 1989. Any remaining revenue collected is deposited in the state General Fund.

Utilities Receipts Tax. The utilities receipts tax is based on gross receipts from retail utility sales. It is imposed at a rate of 1.4% and was effective January 1, 2003. All revenue is deposited in the state General Fund. Utilities must also pay the corporate adjusted gross income tax. Effective July 1, 2007, a use tax was imposed on consumers of utilities if the utilities receipts tax was not paid by the seller. The use tax is imposed at the rate of 1.4% on the gross purchase price of the utilities.

Individual Adjusted Gross Income Tax. Adjusted gross income (federal adjusted gross income modified by adding back certain federal adjustments and subtracting certain federal exemptions and deductions) of residents and non-residents with income derived from Indiana sources is taxed at 3.4%. All revenue derived from the collection of the adjusted gross income tax imposed on persons is credited to the General Fund and PTR Fund.

Riverboat Wagering Tax. The wagering tax is applied to the adjusted gross receipts of riverboat gambling operations in Indiana. Prior to Fiscal Year 2003, all wagering taxes earned by the State were deposited into the Build Indiana Fund. Legislation passed in 2002 changed the collection and distribution of wagering taxes and allowed riverboats to implement flexible scheduling, enabling patrons to gamble while a riverboat is docked. The wagering tax on riverboats that do not implement flexible scheduling increased from 20% to 22.5% of adjusted gross receipts; however, all riverboats operating in Indiana have implemented flexible scheduling. The legislation imposed a graduated wagering tax on riverboats that adopt flexible scheduling. As amended by P.L. 233-2007, the graduated tax is set at 15% of the first \$25 million of adjusted gross receipts in a fiscal year, 20% of receipts between \$25 million and \$50 million, 25% of receipts between \$50 million and \$75 million, 30% of receipts between \$75 million and \$150 million, 35% of receipts between \$150 million and \$600 million, and 40% of all adjusted gross receipts exceeding \$600 million.

The legislation also changed the distribution of wagering taxes. The first \$33 million of wagering taxes collected in the State's fiscal year must be set aside for revenue sharing among local units of government that do not have riverboats. Of the remaining revenue, 25% is distributed to the cities and counties with riverboat operations, and 75% is deposited in the PTR Fund. The legislation capped the amounts that may be distributed to the cities and towns with riverboat operations at the amounts distributed in FY 2002. All revenue in excess of the capped amounts is deposited in the PTR Fund. The PTR Fund receives 37.5% of wagering tax from the Orange County Casino. The remaining wagering tax revenue from Orange County Casino is deposited in the local funds. From the revenue distributed to the PTR Fund, an amount is distributed annually to the Build Indiana Fund. The transfer amount is such that the total lottery and gaming revenue deposited in the Build Indiana Fund equals \$250.0 million in a fiscal year. Interest revenue deposited in the fund does not count against the \$250.0 million cap.

Other Operating Revenue. Other revenue ("Other Revenue") is derived from cigarette taxes, alcoholic beverage taxes, inheritance taxes, insurance taxes, interest earnings and miscellaneous revenue. In 2002, the General Assembly increased the cigarette tax by \$0.40 per pack, to \$0.555 per pack, and increased the tax on other tobacco products by 3 percentage points. In 2007, the cigarette tax was further increased by \$0.44 per pack to \$0.995 per pack effective July 1, 2007. In FY 2007, total revenue from other operating revenues deposited in the state General Fund amounted to \$1,019.1 million.

Revenue History

Annual percentage changes for each component of Operating Revenue is reflected in Table 1. The table also includes actual revenue for prior Fiscal Years as well as projected revenue for FY 2008, FY 2009, and FY 2010.

Table 1
State Operating Revenue
(Millions of Dollars)

	FY 2003 ⁽¹⁾	FY 2004 ⁽¹⁾	FY 2005 ⁽¹⁾	FY 2006 ⁽¹⁾	FY 2007 ⁽¹⁾	FY 2008 ⁽²⁾	FY 2009 ⁽²⁾
Sales Tax	4,172.4	4,721.0	4,960.4	5,226.3	5,379.1	5,601.3	5,737.7
Change from Prior Year	10.9%	13.1%	5.1%	5.4%	2.9%	4.1%	2.4%
Individual Income	3,644.2	3,807.9	4,213.2	4,322.4	4,615.6	4,680.7	4,781.0
Change from Prior Year	2.9%	4.5%	10.6%	2.6%	6.8%	1.4%	2.1%
Corporate Income	729.2	644.7	824.8	925.4	987.1	956.6	969.8
Change from Prior Year	2.8%	-11.6%	27.9%	12.2%	6.7%	-3.1%	1.4%
Wagering Tax ⁽³⁾	430.9	601.5	584.7	589.9	625.3	619.1	634.7
Change from Prior Year	N/A	39.6%	-2.8%	0.9%	6.0%	-1.0%	2.5%
Other ⁽⁴⁾	903.6	844.8	853.4	996.6	1,019.1	1,040.9	1,040.1
Change from Prior Year	29.6%	-6.5%	1.0%	16.8%	-2.3%	2.1%	-0.1%
Total	9,880.4	10,619.9	11,436.5	12,060.6	12,626.2	12,851.5	13,111.9
Change from Prior Year	13.5%	7.5%	7.7%	5.5%	4.7%	1.8%	2.0%

(1) Actual, but unaudited, Operating Revenue. FY 2006 figures are net of Tax Amnesty collections.

(2) Revenues are as projected by the Technical Forecast Committee on December 13, 2007. Projected revenues are net of cigarette tax revenues totaling \$47.1M in FY 2008 and \$51.3M in FY 2009 resulting from the 2007 cigarette tax increase and deposited in the General Fund for specific health care initiatives.

(3) Prior to FY 2003 the Wagering Tax revenues were deposited in the Build Indiana Fund.

(4) See "General Fund and PTR Fund Revenue Sources – Other Operating Revenue."

Source: State Budget Agency

Lottery and Gaming Revenue

By statute, certain revenue from the Hoosier Lottery, horse racing pari-mutuel wagering tax and charity gaming taxes and license fees (collectively, "Gaming Revenue") must be deposited in the Build Indiana Fund ("BIF"). In 2002, the General Assembly enacted annual distributions of wagering tax revenue to the BIF in the amount of \$250 million per year less the annual amounts distributed to the BIF from Hoosier Lottery profits, charitable gaming taxes and license fees and pari-mutuel wagering taxes. Any revenue in excess of \$250 million is to remain in the PTR Fund. For a description of wagering taxes, *see* "General Fund and PTR Fund Revenue Sources—Wagering Tax."

Before Hoosier Lottery profits are transferred to the Build Indiana Fund, \$60 million annually is used to fund pension liabilities—\$30 million goes to the Teachers' Retirement Fund and \$30 million goes to the local Police and Firefighter Pension Fund. All lottery and gaming revenue deposited to BIF is appropriated by the General Assembly, and the statute that governs deposits of that revenue also governs priority of distribution in the event that revenue falls short of appropriations. At present, the highest distribution priority (after pension account transfers) is to the State's counties for motor vehicle excise tax replacement, providing a substantial cut in the excise tax charged on motor vehicles—\$236.2 million were appropriated for Fiscal Year 2007.

For Fiscal Year 2007, Gaming Revenue totaling \$985.3 million was collected by the State. This includes revenue deposited in the state and local funds.

Riverboat Gaming	\$763.9 million
Hoosier Lottery	210.9 million
Charity Gaming	6.3 million
Horse Racing	4.42 million

Source: State Budget Agency

In 2007 the General Assembly enacted legislation authorizing the two existing horse race tracks in Indiana to install up to 2,000 slot machines on their premises. P.L 233-2007 imposes a license fee and wagering taxes to be deposited in the State Property Tax Trust Fund. This new fund is established to provide additional property tax relief to property owners.

Operating Expenditures

Actual expenditures may differ from estimated levels as a result of a number of factors, including unforeseen expenses and executive and legislative action. The State's five largest expenditure categories include local school aid, higher education, property tax relief, Medicaid and correction. Table 2 sets forth operating expenditures and estimates for all major expenditure categories for Fiscal Years 2003 through 2009.

Table 2
Expenditures
(Millions of Dollars)

	<u>FY 2003⁽¹⁾</u>	<u>FY 2004⁽¹⁾</u>	<u>FY 2005⁽¹⁾</u>	<u>FY 2006⁽¹⁾</u>	<u>FY 2007⁽¹⁾</u>	<u>FY 2008⁽²⁾</u>	<u>FY 2009⁽²⁾</u>
Local School Aid	4,141.1	4,356.3	4,447.5	4,517.0	4,628.8	4,819.0	5,036.4
Change from Prior Year	6.50%	5.20%	2.09%	1.56%	2.48%	4.11%	4.51%
Property Tax Relief	1,222.9	2,096.8	2,142.5	2,169.5	2,211.6	2,196.7	2,196.8
Change from Prior Year	3.70%	71.50%	2.18%	1.26%	1.94%	-0.67%	0.00%
Higher Education	1,404.1	1,470.5	1,523.5	1,568.7	1,589.8	1,726.6	1,816.6
Change from Prior Year	8.40%	4.70%	3.60%	2.97%	1.35%	8.60%	5.21%
Medicaid	1,167.2	1,243.7	1,393.4	1,455.1	1,514.6	1,586.6	1,663.7
Change from Prior Year	2.60%	6.60%	12.04%	4.43%	4.09%	4.75%	4.86%
Correction	594.0	619.4	620.9	584.0	589.2	616.0	635.5
Change from Prior Year	2.00%	4.30%	0.25%	-5.94%	0.89%	4.55%	3.17%
Other	1,634.2	1,613.0	1,528.0	1,600.2	1,712.8	1,912.0	1,941.6
Change from Prior Year	2.60%	1.30%	-5.27%	4.73%	7.04%	11.63%	1.55%
Total	10,163.5	11,399.7	11,655.8	11,894.5	12,246.8	12,856.9	13,290.6
Change from Prior Year	5.00%	12.20%	2.25%	2.05%	2.96%	4.98%	3.37%

⁽¹⁾ Actual, but unaudited, expenditures.

⁽²⁾ Appropriations, as made in HEA 1001-2007

Source: State Budget Agency

Local School Aid. Funding for elementary and secondary education is the State's largest operating expense. Local school aid is payable from both the General Fund and PTR Fund and includes distributions for programs such as assessment and performance, as well as tuition support. The General Assembly established the State's calendar year 1972 funding level as the base for local school aid.

Prior to January 1, 2003, the State provided approximately 66% of school corporations' general fund budgets. As a result of the tax restructuring legislation enacted in 2002, the State now provides approximately 85% of the school corporations' general fund budgets. See "Property Tax Relief."

Local school aid formula funding for tuition support on a school corporation-by-school corporation basis will increase 4.4% for Fiscal Year 2008. Local school aid expenditures for Fiscal Year 2008 are expected to total \$4,819 million. See "Financial Results of Operations."

Property Tax Relief. Spending for property tax relief primarily consists of the Property Tax Relief Credit ("PTR Credits"), and Homestead Credit. Prior to 2003, PTR Credits equaled 20% of property taxes charged excluding property taxes imposed for debt service or imposed in excess of the state's levy limitations. Homestead Credits equaled 10% of property taxes charged on homesteads excluding property taxes imposed for debt service or

imposed in excess of the state's levy limitations. Appropriations for PTR Credits and Homestead Credits are made from the Property Tax Replacement Fund ("PTRF"). A special legislative session in 2002 resulted in PTR Credits being increased, subject to appropriation, to 60% of property taxes imposed by school corporations for general fund purposes and 20% of all other property taxes excluding property taxes imposed for debt service or imposed in excess of the State's levy limitations. Property taxes imposed on personal property were made ineligible to receive the 20% PTR Credits. During the same special legislative session, Homestead Credits were increased to 20%, subject to appropriation. These changes were effective January 1, 2003. Beginning with the FY 2005-2007 biennium, the total amount of PTR Credits and Homestead Credits that may be distributed in a fiscal year from the PTRF was limited to the amount distributed in FY 2002 plus an amount equal to the increase in the state sales tax from 5.0% to 6.0% enacted during the 2002 special legislative session. HEA 1835-2007 established the Property Tax Reduction Trust Fund for the purpose of providing additional property tax relief payable solely from new revenues resulting from the operation of slot machines at horse racing tracks located within the state.

Property Tax Reform is currently under discussion by the legislature. The impact on the State cannot be determined at this time.

Higher Education. Through the General Fund, the State supports seven higher education institutions, Ball State University, Indiana University, Indiana State University, Ivy Tech Community College of Indiana, Purdue University, University of Southern Indiana and Vincennes University. Higher education appropriations for Fiscal Year 2008 are expected to total \$1,726.6 million, an increase of 6.7% from Fiscal Year 2007. Higher education appropriations for Fiscal Year 2009 are \$1,816.5 million, an increase of 5.2%. Appropriations for higher education include University operating appropriations, university fee replaced debt service appropriations, university line item appropriations, other higher education line item appropriations, university repair and rehabilitation appropriations, university capital project appropriations, and appropriations for state student aid. The General Assembly appropriated \$40.0 million in Fiscal Year 2007 and \$31.0 million in both Fiscal Year 2008 and Fiscal Year 2009 to reduce and eliminate by June 30, 2009 the repair and rehabilitation payment delay to state colleges and universities. See "Financial Results of Operations."

Since Fiscal Year 1976, the General Assembly has appropriated to each State university and college an amount equal to the annual debt service requirements due on qualified outstanding Student Fee and Building Facilities Fee Bonds and other amounts due with respect to debt service and debt reduction for interim financings (collectively, "Fee Replacement Appropriations"). The Fee Replacement Appropriations are not pledged as security for such bonds and other amounts. Under the State constitution, the General Assembly cannot bind subsequent General Assemblies to continue the present Fee Replacement Appropriations policy; however, it is anticipated that the policy will continue for outstanding bonds and notes.

The aggregate principal amount of bonds and notes outstanding as of June 30, 2007, for each State university and college eligible for Fee Replacement Appropriations, and the amount of Fee Replacement Expenditures for Fiscal Year 2007 and Fee Replacement Appropriations for Fiscal Year 2008 are shown below.

Table 3
Schedule of Fee Replacement Debt

	Amount of Debt Outstanding June 30, 2007	Fiscal Year 2007 Fee Replacement Expenditures	Fiscal Year 2008 Fee Replacement Appropriations
Ball State University	\$ 77,090,000	\$ 9,251,838	\$ 12,408,664
Indiana University ⁽¹⁾	426,924,386	56,551,162	69,864,930
Indiana State University	75,695,977	7,081,016	9,465,483
Ivy Tech Community College	203,380,000	13,114,628	20,738,001
Purdue University ⁽²⁾	274,268,874	26,054,388	29,701,698
University of Southern Indiana	74,279,488	5,884,475	9,488,222
Vincennes University	49,322,333	3,860,923	5,364,551
Total	<u>\$1,180,961,058</u>	<u>\$121,798,430</u>	<u>\$157,031,549</u>

⁽¹⁾ Includes its regional campuses other than Indiana University-Purdue University at Fort Wayne.

⁽²⁾ Includes its regional campuses other than Indiana University-Purdue University at Indianapolis.

Source: State Budget Agency

Medicaid. The fourth largest expenditure from the General Fund is Medicaid. Medicaid is a state/federal shared fiscal responsibility with the state supporting 37.3% of the total program through a combination of State General Fund and dedicated funds. Federal funding accounts for the remaining 62.7%. For Fiscal Year 2008, state Medicaid appropriations total \$1,586.6 million. In Fiscal Year 2009 and 2009, state Medicaid appropriations total \$1,663.7 million. The Medicaid forecast presented to the Budget Committee on December 13, 2007, projects expenditures to come in below the appropriated levels. The increases in cost are due to projected reimbursement for physicians and continued increases in enrollment. Enrollment is expected to reach 815,681 by the end of Fiscal Year 2008 and 832,499 by the end of Fiscal Year 2009 (these figures exclude the Children's Health Insurance Program). In addition, Indiana is forecasted to have the federal reimbursement rate increased from 62.7% to 64.26% in Fiscal Year 2009. This increase is forecasted to enable the State to use the currently appropriated general fund dollars to help cover increased costs of the program while remaining within the appropriation.

Correction. The fifth largest operating expenditure, payable almost entirely from the General Fund, is for the Department of Correction. Appropriations for the Department of Correction include funds for incarceration, rehabilitation and parole programs. Correction estimated expenditures for Fiscal Year 2007 total \$601 million, an increase of 2.9% from Fiscal Year 2006. In Fiscal Years 2008 and 2009, correction expenditures are estimated to be \$616 million and \$636 million respectively.

Population is the most significant driver of Correction expenditures. Correctional population steadily increased from 21,540 in Fiscal Year 2001 to a projected 27,232 in Fiscal Year 2007 and is projected to reach approximately 28,400 by the end of Fiscal Year 2009.

Other. The balance of State expenditures is composed of spending for a combination of other purposes, the principal ones being the costs of institutional care and community programs for persons with mental illnesses and developmental disabilities, the State's administrative operations, the State share of public assistance payments, the General Fund share of State Police costs, economic development programs and General Fund expenditures for capital improvements. Other Categories estimated expenditures for Fiscal Year 2007 from the General Fund total \$1,721 million. For Fiscal Years 2008 and 2009 Other Categories of General Fund expenditures are expected to be \$1,912 million and \$1,942 million respectively based on appropriations.

Expenditure Limits. In 2002, the General Assembly enacted a law establishing a state spending cap. The law provides that the maximum annual percentage growth in state's spending cap from the General Fund and the Property Tax Replacement Fund must be lesser of the percentage change in Indiana non-farm personal income during the past six calendar years or 6%. At the present, state expenditures are below the spending cap. The law excludes expenditures from revenue derived from gifts, federal funds, dedicated funds, intergovernmental transfers, damage awards and property sales. Expenditures from the transfer of funds between the General Fund, the PTR Fund and the Rainy Day Fund, reserve fund deposits, refunds of intergovernmental transfers, state capital projects, judgments and settlements, distributions of specified State tax revenue to local governments and Motor Vehicle Excise Tax replacement payments are also exempt from the expenditure limit. The expenditure limit is applied to appropriations from the General Fund, the PTR Fund and the Rainy Day Fund.

The law directs the Budget Agency to compute a new State spending growth quotient before December 31 in each even-numbered year. The State spending growth quotient is equal to the lesser of the six-year average increase in Indiana non-farm personal income and 6%. The legislation allows the state spending cap to be increased or decreased to account for new or reduced taxes, fees, exemptions, deductions or credits adopted after June 30, 2002. The Budget Agency computed the spending growth quotient for Fiscal Years 2008 and 2009 to be 3.8%.

Fund Balances

The State has four primary funds that build or hold unappropriated reserves: the Rainy Day Fund, the Tuition Reserve, the Combined General and PTR Fund and the Medicaid Reserve and Contingency Account. Each of these funds is described below.

Rainy Day Fund. In 1982, the General Assembly established the Counter-Cyclical Revenue and Economic Stabilization Fund, commonly called the "Rainy Day Fund." One of three primary funds into which general purpose

tax revenue is deposited, the Rainy Day Fund is essentially a State savings account that permits the State to build up a fund balance during periods of economic expansion for use during periods of economic recession.

Each year the State Budget Director determines calendar year Adjusted Personal Income (“API”) for the State and its growth rate over the previous year. In general, moneys are deposited automatically into the Rainy Day Fund if the growth rate in API exceeds 2.0% and moneys are withdrawn automatically from the Rainy Day Fund if API declines by more than 2.0%. No automatic withdrawal from the Rainy Day Fund has occurred; however, the General Assembly has authorized money to be transferred from the Rainy Day Fund to the General Fund from time to time during periods of economic recession. In addition, the General Assembly has authorized money in the Rainy Day Fund to be used to make loans to local governments from time to time. *See* “Financial Results of Operations.”

During a Fiscal Year when a transfer is made to the Rainy Day Fund, if General Fund revenue is less than estimated (and the shortfall cannot be attributed to a statutory change in the tax rate, tax base, fee schedules or revenue sources from which the revenue estimates were made), an amount reverts to the General Fund from the Rainy Day Fund equal to the lesser of (a) the amount initially transferred to the Rainy Day Fund during the Fiscal Year and (b) the amount necessary to maintain a positive balance in the General Fund for the Fiscal Year.

All earnings from the investment of the Rainy Day Fund balance remain in the Rainy Day Fund. Money in the Rainy Day Fund at the end of a Fiscal Year does not revert to the General Fund. If the balance in the Rainy Day Fund at the end of a Fiscal Year exceeds 7.0% of total General Fund revenue for the Fiscal Year, the excess is transferred from the Rainy Day Fund to the PTR Fund. *See* Table 4 for Rainy Day Fund balances.

Tuition Reserve. The Tuition Reserve is a cash flow device that is intended to assure that the State has sufficient cash to make local school aid payments on time. Prior to each June 1, the Budget Agency estimates and establishes the Tuition Reserve for the ensuing Fiscal Year. *See* Table 4 for Tuition Reserve Fund balances.

Medicaid Reserve. In 1995, the General Assembly established the Medicaid Reserve and Contingency Account to provide a reserve to fund timely payments of Medicaid claims, obligations and liabilities. The Medicaid Reserve was designed to represent the estimated amount of obligations that were incurred, but remained unpaid, at the end of a Fiscal Year. *See* Table 4 for Medicaid Reserve Fund balances.

Combined General and PTR Fund. The PTR Fund was created by statute in Fiscal Year 1973. It is funded from revenue from the State sales and use tax, a portion of individual income tax receipts and wagering taxes. The PTR Fund is used to (a) replace local property tax levies (“PTR Credits”), which were reduced through PTR Credits under the same statute that created the PTR Fund, and (b) fund local school aid. To the extent the PTR Fund does not have sufficient revenue to make authorized payments, General Fund transfers must be made to the PTR Fund.

The General Fund and the PTR Fund are the primary funds into which general purpose tax revenue, or Operating Revenue, is deposited or transferred. It is helpful to combine the receipts and disbursements of the PTR Fund with those of the General Fund to provide a more complete and accurate description of the State’s Operating Revenue and discretionary spending, especially for local school aid and property tax relief. As a result, the General Fund and the PTR Fund are sometimes described in this Appendix A as a single, combined fund.

Financial Results of Operations

The State closed Fiscal Year 2007 with combined balances of \$1,285.7 million in the General and PTR funds, which was 10.1% of that Fiscal Year’s operating revenue. This combined balance includes a General Fund balance of \$537.2 million, a Tuition Reserve balance of \$316.6 million, and a Rainy Day Fund balance of \$344.3 million. It also includes \$87.6 million in a re-established Medicaid Reserve. Combined balances for Fiscal Year 2007 increased by nearly \$200 million over the Fiscal Year 2006 level which was only 9.0% of that year’s operating revenue.

Fiscal Year 2007 was highlighted by the first back-to-back balanced budgets in eight years. Revenues exceeded expenditures in Fiscal Year 2007 by \$473.8 million. During Fiscal Year 2007, Indiana paid back \$336.6

million in delayed funds. The Indiana General Assembly authorized and Governor Daniels approved the repayment of \$145.1 million to higher education and municipalities in Fiscal Year 2008 and \$136.6 million in Fiscal Year 2009.

Revenue Forecast for Fiscal Years 2008 and 2009

The Technical Forecast Committee (the “Forecast Committee”) presented an updated forecast of State revenue for Fiscal Years 2008 and 2009 to the State Budget Committee on December 13, 2007. Under this forecast, Fiscal Year 2008 State revenue is projected to increase \$225.3 million (or 1.8%) over actual Fiscal Year 2007 revenues and Fiscal Year 2009 State revenue is projected to increase \$260.4 million (or 2.0%) over Fiscal Year 2008.

Combined Balance Statements

Table 4 sets forth the Budget Agency’s unaudited end-of-year combined balance statements and estimates and projections, including revenue and other resources, expenditures and balances at the end of each Fiscal Year. For past Fiscal Years, the balances reflect actual revenue and other resources and expenses before adjustments to the modified accrual basis of accounting. As a result, the Budget Agency’s “working” statements may differ from the results included in the 2007 Financial Report or the Auditor of State’s comprehensive annual financial reports for other Fiscal Years. Forecasted revenue was developed by the Technical Forecast Committee, and actual revenue may be higher or lower than forecasted. Estimates of other resources and uses were developed by the Budget Agency taking into account historical resources and appropriations as well as other variables, including the budget for Fiscal Years 2008 and 2009.

Table 4
General Fund and Property Tax Replacement Fund
Combined Statement of Actual and Estimated Unappropriated Reserve
(Millions of Dollars)

	Actual <u>FY2005</u>	Actual <u>FY2006</u>	Actual <u>FY2007⁽¹⁾</u>	Estimated <u>FY2008⁽¹⁾</u>	Estimated <u>FY2009⁽¹⁾</u>
Resources					
Working Balance on July 1	0.2	118.8	410.7	537.2	499.7
Current Year Resources					
Forecast Revenue	11,436.4	12,060.6	12,626.2	12,851.5	13,111.9
DSH Revenue	52.0	82.0	65.1	66.0	67.0
Tax Amnesty ⁽²⁾	-	228.8	-	-	-
Quality Assessment Fee	-	62.7	21.7	18.0	18.0
Rainy Day Fund Interest and Repayment of Loans	-	11.6	14.6	15.5	19.5
Other Revenue Sources of Transfers In					
Jobs & Growth Tax Relief Reconciliation Act of 2003 (including Medicaid)	-	-	-	-	-
2007 Outside Acts	-	-	9.8	22.6	14.0
Transfer from Medicaid Reserve to General Fund	-	-	-	30.0	-
Transfer from Dedicated Fund Balances	245.4	-	1.2	-	-
Transfer from Tuition Reserve	-	-	-	-	-
Transfer From (To) Rainy Day Fund	-87.2	-	-	-	-
Total Current Year Resources	<u>11,646.6</u>	<u>12,445.7</u>	<u>12,704.4</u>	<u>12,988.1</u>	<u>13,210.9</u>
Total Resources	11,646.8	12,564.5	13,115.1	13,525.3	13,710.6

Uses: Appropriations, Expenditures and Reversions

Appropriations

Budgeted Appropriations	11,522.0	12,076.4	12,246.0	13,001.9	13,427.1
Adjustments to Appropriations ⁽³⁾	-4.1	-29.3	32.5	-	-
Enrolled Acts 2006		25.2	69.6	-	-
Medicaid Shortfall	117.0	-	-	-	-
Teachers' Retirement Fund	190.0	-	-	-	-
Tuition Support Deficiency	20.0	20.1	56.1	-	-
Total Appropriations	<u>11,844.9</u>	<u>12,092.4</u>	<u>12,339.2</u>	<u>13,001.9</u>	<u>13,427.1</u>

Other Expenditures and Transfers

Transfer to Tuition Reserve	-	26.1	-	-	-
Transfer to Medicaid Contingency		10.0	-	-	-
Local Option Income Tax Distributions		37.5	35.2	-	-
Tuition Support Adjustments	-	-	-	-	-
PTRC and Homestead Credit Adjustments	-101.0	-61.9	25.9	-40.7	-
Judgments and Settlements ⁽⁴⁾	6.1	5.9	11.4	8.0	8.0
Total Appropriations and Expenditures	<u>11,750.0</u>	<u>12,110.0</u>	<u>12,359.9</u>	<u>13,050.6</u>	<u>13,435.1</u>

Payment Delays

Higher Education Allotment	-3.9	-	40.0	-	-
Tuition Support Distribution	-	156.4	160.1	-	-
Property Tax Replacement Credit	-	-	136.5	-	-

Reversions ⁽⁵⁾	-218.1	-124.9	118.6	-25.0	-25.0
---------------------------	--------	--------	-------	-------	-------

Total Net Uses	<u>11,528.0</u>	<u>12,141.5</u>	<u>12,577.9</u>	<u>13,025.6</u>	<u>13,410.1</u>
Auditor's Adjustment	-	0.8	-	-	-

General Fund Reserve Balance at June 30	118.8	410.6	537.2	499.7	300.5
---	-------	-------	-------	-------	-------

Reserved Balances

Medicaid Reserve	24.0	34.0	87.6	57.6	57.6
Tuition Reserve	290.5	316.6	316.6	316.6	316.6
Rainy Day Fund	316.5 ⁽⁷⁾	328.1 ⁽⁷⁾	344.3 ⁽⁷⁾	359.8	379.3
Total Combined Balances	<u>749.8</u>	<u>1,089.3</u>	<u>1,285.7</u>	<u>1,233.7</u>	<u>1,054.0</u>

Payment Delay Liability	-726.8	-622.1	-285.5	-136.6	0
Combined Balance as a Percent of Operating Revenue	6.50%	9.00%	10.1%	9.5%	8.0%

*Totals may not add as a result of rounding.

(1) Revenues are those projected by the Technical Forecast Committee on December 13, 2007; appropriations are those authorized by the 2007 General Assembly for Fiscal Years 2008 and 2009.

(2) Net of \$15.8 million expenses.

(3) Adjustments to appropriations by augmentation, transfer and open-ended appropriations and other reconciling adjustments made as part of the end-of-Fiscal Year closing process are shown in total.

(4) Represents the estimated cost to the State of judgments and other legal and equitable claims. No reserve fund is established for judgments or other legal or equitable claims against the State. Judgments and other such claims must be paid from appropriations or balances. *See* "LITIGATION."

(5) \$55.3 million of reversions in FY2007 represent capital reversions, previously reported as reverting in FY2005.

(6) Includes loans to local governments authorized by the General Assembly. The loans are illiquid.

(7) Net of outstanding loans to local governments.

Source: State Budget Agency

Toll Road Lease

In 2006, the General Assembly enacted legislation authorizing the Indiana Finance Authority to lease the Indiana Toll Road to a private entity to operate for a term not to exceed 75 years. A lease agreement with ITR Concession Company LLC was signed in April 2006 and the transaction was closed on June 29, 2006. The revenues from the lease, \$3.8 billion (net of expenses and the bond repayments), are being held in a trust fund or being used to fund nearly 200 statewide transportation and economic growth projects throughout the State.

STATE INDEBTEDNESS

Constitutional Limitations on State Debt

Under Article X, Section 5 of the State constitution, the State may not incur indebtedness except to meet casual deficits in revenue; to pay interest on State debt; or to repel invasion, suppress insurrection or, if hostilities are threatened, to provide for the public defense. The State has no indebtedness outstanding under the State constitution. *See* “FISCAL POLICIES—State Board of Finance.”

Other Debt, Obligations

Substantial indebtedness anticipated to be paid from State appropriations is outstanding, however, together with State university and college debt and what are described below as “contingent obligations.” In addition, the commissions and authorities described below may issue additional debt or incur other obligations from time to time to finance additional facilities or projects or to refinance such facilities or projects. The type, amount and timing of such additional debt or other obligations are subject to a number of conditions that cannot be predicted at present. *See* “Obligations Payable from Possible State Appropriations—Authorized but Unissued Debt.”

In 2005, the General Assembly enacted legislation establishing the Indiana Finance Authority, a body politic and corporate, separate from the State. The Indiana Finance Authority is required, after consulting with the Treasurer of State, the Indiana Bond Bank, the Budget Agency and the Indiana Commission for Higher Education, to establish and periodically update a State debt management plan.

Obligations Payable from Possible State Appropriations

The General Assembly has created certain financing entities, including the Indiana Finance Authority and the Indiana Bond Bank, each of which is a body politic and corporate, separate from the State. These financing entities have been granted the authority to issue revenue bonds and other obligations to finance various capital projects. Certain agencies of the State, including the Department of Administration, the Department of Transportation, the Department of Natural Resources and the Indianapolis Airport Authority (under an agreement with the State), have entered into use and occupancy agreements or lease agreements with the financing entities. Lease rentals due under the agreements are payable primarily from possible appropriations of State funds by the General Assembly. However, there is and can be under State law no requirement for the General Assembly to make any such appropriations for any facility in any Fiscal Year. No trustee or holder of any revenue bonds issued by any such financing entity may legally compel the General Assembly to make any such appropriations. Revenue bonds issued by any of the financing entities do not constitute a debt, liability or pledge of the faith and credit of the State within the meaning of any constitutional provision or limitation. Such use and occupancy agreements, lease agreements and other obligations do not constitute indebtedness of the State within the meaning or application of any constitutional provision or limitation. Following is a description of the entities that have issued bonds and the projects that have been financed with the proceeds and which are subject to use and occupancy agreements or lease agreements.

Indiana Finance Authority. Before 2005, there had been numerous bodies corporate and politic of the State, with separate decision making and borrowing authority, that issued bonds and otherwise accessed the financial markets. On May 15, 2005, to provide economic efficiencies and management synergies and to enable the State to communicate, with a single voice, with the various participants in the financial markets, the Indiana Development Finance Authority, the State Office Building Commission, the Indiana Transportation Finance Authority, the Recreational Development Commission, the State Revolving Fund Programs, and the Indiana Brownfields Program were consolidated into the Indiana Finance Authority. Effective July 1, 2007, the Indiana Health and Educational Facility Financing Authority was also merged into the Indiana Finance Authority. As the successor entity, the Indiana Finance Authority has assumed responsibility for the financing of certain buildings, highways, aviation facilities and recreation facilities.

For a description of other powers and responsibilities of the Indiana Finance Authority, including its authority to issue other debt, *see* “Contingent Obligations—Toll Road,” “Contingent Obligations—Economic Development,” and Table 8.

Buildings. The Indiana Finance Authority is authorized (and its predecessor, the State Office Building Commission, had been authorized) to issue revenue bonds, payable from lease rentals under use and occupancy agreements with various State agencies, to finance or refinance the cost of acquiring, constructing or equipping buildings, structures, improvements or parking areas for the purpose of (a) housing the personnel or activities of State agencies or branches of State government; (b) providing transportation or parking for State employees or persons having business with State government; (c) providing buildings, structures or improvements for the custody, care, confinement or treatment of committed persons under the supervision of the State Department of Correction; (d) providing buildings, structures or improvements for the care, maintenance or treatment of persons with mental or addictive disorders; (e) providing buildings, structures or improvements for the care, maintenance or treatment of adults or children with mental illness, developmental disabilities, addictions or other medical or rehabilitative needs; or (f) providing the infrastructure of a State-wide wireless public safety communications system. Lease rentals under the use and occupancy agreements are payable primarily from possible State appropriations. *See* “Table 5—Schedule of Long Term Debt—Obligations Payable from Possible State Appropriations—State Buildings.”

The Indiana Finance Authority also provides (and its predecessor, the State Office Building Commission, had provided) short-term, or construction, financing for authorized projects through the issuance of commercial paper, in an aggregate amount not to exceed \$75 million, payable from proceeds of its revenue bonds.

Highways. The Indiana Finance Authority is authorized (and its predecessor, the Indiana Transportation Finance Authority, had been authorized) to issue revenue bonds, payable from lease rentals under lease agreements with the Indiana Department of Transportation, to finance or refinance the cost of construction, acquisition, reconstruction, improvement or extension of the State’s highways, bridges, streets, roads or other public ways. Lease rentals under the lease agreements are payable primarily from possible State appropriations. *See* “Table 5—Schedule of Long Term Debt—Obligations Payable from Possible State Appropriations—Highway Revenue Bonds.”

In 2005, legislation was enacted that authorizes the Indiana Finance Authority to issue grant anticipation revenue bonds to finance highway projects eligible for federal highway revenues. However, none have been issued to date.

Aviation Facilities. The Indiana Finance Authority is authorized (and its predecessor, the Indiana Transportation Finance Authority, had been authorized) to issue revenue bonds, payable from the revenues pledged thereto, to finance or refinance improvements related to airports or aviation related property or facilities.

Pursuant to this authority, the Indiana Transportation Finance Authority issued its revenue bonds to finance and refinance (a) improvements related to an airport and aviation related property and facilities at the Indianapolis International Airport and (b) an aviation technology center at the Indianapolis International Airport. The bonds are payable from lease rentals under lease agreements with the Indianapolis Airport Authority. Lease rentals under the lease agreements are payable primarily from possible State appropriations. *See* “Table 5—Schedule of Long Term Debt—Obligations Payable from Possible State Appropriations—Aviation Facilities.”

Recreation Facilities. The Indiana Finance Authority is authorized (and its predecessor, the Recreational Development Commission, had been authorized) to issue revenue bonds, payable from the revenues pledged thereto, to finance or refinance the costs of the acquisition, construction, renovation, improvement or equipping of facilities for the operation of public parks.

Pursuant to this authority, the Recreational Development Commission issued its revenue bonds to finance and refinance the costs of acquisition, construction, renovation, improvement and equipping of various lodging and other facilities for public parks in the State. The bonds are payable from lease rentals under use and occupancy agreements with the State’s Department of Natural Resources. The lease rentals under the use and occupancy agreements are payable primarily from possible State appropriations. *See* “Table 5—Schedule of Long Term Debt—Obligations Payable from Possible State Appropriations—Recreational Facilities.”

Bond Bank. The Indiana Bond Bank issued its revenue bonds, payable from possible State appropriations, to finance or refinance certain State interests or initiatives, including the State’s Animal Disease and Diagnostic Laboratory (“ADDL”) at Purdue University, West Lafayette, and the Columbus Learning Center (“CLC”), an educational facility to be used by a number of State post-secondary educational institutions to provide services in South Central Indiana. *See* “Table 5—Schedule of Long Term Debt—Obligations Payable from Possible State

Appropriations—Bond Bank” and “Table 8—Schedule of Long Term Debt—Contingent Obligations—Bond Bank.” For a description of other powers and responsibilities of the Bond Bank, including its authority to issue other debt, see “Contingent Obligations—Indiana Bond Bank” and Table 8.

Schedule of Long Term Debt. Table 5 lists, by type of financing, long-term debt that is subject to possible State appropriations as of June 30, 2007. See “Authorized but Unissued Debt.”

Table 5
Schedule of Long Term Debt
Obligations Payable from Possible State Appropriations

<u>Type/Series</u>	<u>Original Par Amount</u>	<u>Ending Balance 6/30/2006</u>	<u>(Redeemed)/ Issued</u>	<u>Ending Balance 6/30/2007</u>
STATE BUILDINGS				
Forensic & Health Sciences Lab				
Series 2006A	\$62,900,000	\$0	\$62,900,000	\$62,900,000
Subtotal	\$62,900,000	\$0	\$62,900,000	\$62,900,000
Government Center Parking Facilities				
Series 1990A	\$26,669,824	\$7,587,381	(\$452,125)	\$7,135,256
Series 2003A	26,735,000	23,275,000	(2,905,000)	20,370,000
Subtotal	\$53,404,824	\$30,862,381	(\$3,357,125)	\$27,505,256
Government Center North				
Series 1990B	\$77,123,542	\$23,535,086	(\$1,402,199)	\$22,132,887
Series 2003B	73,205,000	67,800,000	(5,560,000)	62,240,000
Subtotal	\$150,328,542	\$91,335,086	(\$6,962,199)	\$84,372,887
Government Center South				
Series 1990C	\$18,063,800	\$5,137,960	(\$305,490)	\$4,832,470
Series 1990D	110,675,000	53,710,000	(7,530,000)	46,180,000
Series 2000B	43,400,000	14,700,000	(100,000)	14,600,000
Series 2003C	7,835,000	7,180,000	(615,000)	6,565,000
Subtotal	\$179,973,800	\$80,727,960	(\$8,550,490)	\$72,177,470
Other Facilities				
Series 1995A	\$54,025,000	\$0	\$0	\$0
Series 1995B	47,975,000	19,310,000	0	19,310,000
Series 1998A	93,020,000	72,345,000	(5,085,000)	67,260,000
Series 1999A	96,785,000	31,445,000	(3,885,000)	27,560,000
Series 2000A	44,800,000	36,400,000	(1,900,000)	34,500,000
Series 2001A	66,600,000	60,900,000	(2,100,000)	58,800,000
Series 2002A	128,110,000	60,715,000	(4,745,000)	55,970,000
Series 2003A	83,530,000	46,990,000	(2,955,000)	44,035,000
Series 2003B	31,930,000	31,930,000	(1,185,000)	30,745,000
Series 2003C	55,075,000	55,075,000	0	55,075,000
Series 2003D	20,475,000	20,475,000	(225,000)	20,250,000
Series 2004A	46,180,000	46,180,000	(55,000)	46,125,000
Series 2004B	61,890,000	61,890,000	0	61,890,000
Series 2004C	33,950,000	33,950,000	0	33,950,000

Series 2004D	33,995,000	33,995,000	0	33,995,000
Series 2004E	57,005,000	57,005,000	0	57,005,000
Subtotal	<u>\$955,345,000</u>	<u>\$668,605,000</u>	<u>(\$22,135,000)</u>	<u>\$646,470,000</u>
TOTAL STATE BUILDINGS	<u>\$1,401,952,166</u>	<u>\$871,530,427</u>	<u>\$21,895,186</u>	<u>\$893,425,613</u>
HIGHWAY REVENUE BONDS				
Series 1990A	\$72,498,391	\$29,060,497	(\$605,020)	\$28,455,477
Series 1992A	74,035,000	35,285,000	0	35,285,000
Series 1993A	193,531,298	108,936,298	(7,610,000)	101,326,298
Series 1996B	27,110,000	14,295,000	(10,810,000)	3,485,000
Series 1998A	175,360,000	115,685,000	(45,185,000)	70,500,000
Series 2000	269,535,000	102,855,000	(86,620,000)	16,235,000
Series 2003A	431,585,000	318,555,000	(192,080,000)	126,475,000
Series 2004A	320,550,000	320,550,000	(308,905,000)	11,645,000
Series 2004B	147,345,000	147,345,000	0	147,345,000
Series 2004C	146,080,000	146,080,000	0	146,080,000
Series 2007A	642,300,000	0	642,300,000	642,300,000
TOTAL HIGHWAYS	<u>\$2,499,929,689</u>	<u>\$1,338,646,795</u>	<u>(\$9,515,020)</u>	<u>\$1,329,131,775</u>
AVIATION FACILITIES				
Airport Facilities Bonds				
Series 2004A	\$56,025,000	\$56,025,000	\$0	\$56,025,000
Series 2004B	79,825,000	79,825,000	0	79,825,000
Series 2004C	68,700,000	68,700,000	(4,000,000)	64,700,000
Subtotal	<u>\$204,550,000</u>	<u>\$204,550,000</u>	<u>(\$4,000,000)</u>	<u>\$200,550,000</u>
Aviation Technology Bonds				
Series 2002	\$10,095,000	\$8,725,000	(575,000)	\$8,150,000
Subtotal	<u>\$10,095,000</u>	<u>\$8,725,000</u>	<u>(\$575,000)</u>	<u>\$8,150,000</u>
TOTAL AVIATION FACILITIES	<u>\$214,645,000</u>	<u>\$213,275,000</u>	<u>(\$4,575,000)</u>	<u>\$208,700,000</u>
RECREATIONAL FACILITIES				
Series 1997	\$6,600,000	\$4,820,000	(\$270,000)	\$4,550,000
Series 2002	14,400,000	14,120,000	(735,000)	13,385,000
Series 2004	12,780,000	12,780,000	0	12,780,000
TOTAL RECREATION FACILITIES	<u>\$33,780,000</u>	<u>\$31,720,000</u>	<u>(\$1,005,000)</u>	<u>\$30,715,000</u>
BOND BANK				
Series 1998A (ADDL)	\$10,830,000	\$5,015,000	(\$820,000)	\$4,195,000
TOTAL BOND BANK	<u>\$10,830,000</u>	<u>\$5,015,000</u>	<u>(\$820,000)</u>	<u>\$4,195,000</u>
TOTAL ALL BONDS	\$3,455,936,855	\$2,460,187,222	\$5,980,166	\$2,466,167,388

Source: Indiana Finance Authority (as of June 30, 2007). Excludes accreted value of capital appreciation bonds.

Scheduled Principal and Interest Payments. Table 6 lists principal and interest payments payable from possible State appropriations (not including debt that has been defeased) as of June 30, 2007. See "Authorized but Unissued Debt."

Table 6
Scheduled Principal and Interest Payments
Obligations Payable from Possible State Appropriations

<u>Type/Series</u>	<u>FY 2008</u>	<u>FY2009</u>	<u>FY2010</u>	<u>FY2011</u>	<u>Thereafter</u>
STATE BUILDINGS					
Forensic & Health Sciences Lab					
Series 2006A	2,825,565	4,814,965	4,812,165	4,811,065	81,277,145
Subtotal	\$2,825,565	\$4,814,965	\$4,812,165	\$4,811,065	\$81,277,145
Government Center Parking Facilities					
Series 1990A	\$1,948,050	\$1,948,050	\$468,050	\$468,050	\$7,985,375
Series 2003A	3,696,763	3,696,013	3,676,763	3,672,863	8,514,169
Subtotal	\$5,644,813	\$5,644,063	\$4,144,813	\$4,140,913	\$16,499,544
Government Center North					
Series 1990B	\$6,041,880	\$6,041,880	\$1,451,880	\$1,451,880	\$24,770,400
Series 2003B	8,580,178	8,567,178	8,547,803	8,538,803	42,602,184
Subtotal	\$14,622,058	\$14,609,058	\$9,999,683	\$9,990,683	\$67,372,584
Government Center South					
Series 1990C	\$1,317,090	\$1,317,090	\$317,090	\$317,090	\$5,409,615
Series 1990D	10,953,868	10,934,615	10,920,515	10,893,980	10,867,423
Series 2000B ⁽¹⁾	1,065,000	1,053,000	1,041,000	1,029,000	14,685,000
Series 2003C	875,488	876,288	873,138	870,838	4,343,931
Subtotal	\$14,211,446	\$14,180,993	\$13,151,743	\$13,110,908	\$35,305,969
Other Facilities					
Series 1995B	\$1,206,875	\$1,206,875	\$3,081,406	\$3,076,719	\$18,361,563
Series 1998A	8,538,279	8,524,424	8,524,231	8,529,831	50,944,802
Series 1999A	5,393,594	5,392,457	5,379,500	772,538	20,905,144
Series 2000A ⁽¹⁾	3,865,500	3,846,000	3,820,500	3,789,000	33,991,500
Series 2001A ⁽¹⁾	5,706,425	5,650,670	5,701,540	5,639,984	67,131,757
Series 2002A	7,618,499	7,601,597	7,591,828	7,591,813	47,352,969
Series 2003A	5,065,465	5,064,090	5,070,903	5,056,965	42,619,990
Series 2003B	2,555,123	2,551,260	2,553,310	2,546,925	35,399,860
Series 2003C ⁽¹⁾	3,304,500	3,304,500	3,304,500	3,983,500	81,603,250
Series 2003D ⁽¹⁾	3,155,000	3,107,750	1,164,500	1,176,750	22,915,500
Series 2004A	2,479,675	2,478,375	2,481,894	7,080,194	49,124,700
Series 2004B	3,249,225	3,249,225	3,249,225	3,249,225	82,114,050
Series 2004C	1,779,285	1,779,285	1,779,285	1,779,285	45,922,953
Series 2004D	1,576,913	2,665,338	2,660,963	2,662,425	44,852,195
Series 2004E	2,694,145	4,501,620	4,491,295	4,492,306	75,730,722
Subtotal	\$58,188,503	\$60,923,466	\$60,854,880	\$61,427,458	\$718,970,953
TOTAL STATE BUILDINGS	\$95,492,385	\$100,172,545	\$92,963,284	\$93,481,025	\$919,426,194

HIGHWAY REVENUE BONDS

Series 1990A	\$3,940,288	\$3,490,288	\$3,694,075	\$3,880,388	\$26,845,163
Series 1992A	2,399,380	2,399,380	2,399,380	6,364,810	37,948,040
Series 1993A	12,620,300	12,573,200	12,621,413	12,268,900	127,691,600
Series 1996B	3,572,125	0	0	0	0
Series 1998A	15,161,623	15,277,573	14,145,244	1,896,950	53,586,275
Series 2000	901,575	901,575	901,575	901,575	19,475,993
Series 2003A	17,329,921	17,328,946	17,295,396	17,297,726	104,494,705
Series 2004A	603,315	603,315	603,315	603,315	16,370,305
Series 2004B	8,192,175	8,192,175	8,192,175	8,192,175	207,708,538
Series 2004C	7,858,988	7,858,988	9,111,863	9,188,988	207,329,144
Series 2007A	33,511,468	33,228,283	33,210,383	41,533,170	1,006,729,304
TOTAL HIGHWAYS	\$106,091,158	\$101,853,722	\$102,174,819	\$102,127,996	\$1,808,179,065

AVIATION FACILITIES

Airport Facilities Bonds					
Series 2004A ⁽¹⁾	\$3,361,500	\$3,361,500	\$3,361,500	\$3,361,500	\$70,778,250
Series 2004B ⁽¹⁾	4,789,500	4,789,500	4,789,500	4,789,500	100,828,750
Series 2004C ⁽¹⁾	16,783,000	16,567,000	16,363,500	16,145,250	7,956,750
Subtotal	\$24,934,000	\$24,718,000	\$24,514,500	\$24,296,250	\$179,563,750
Aviation Technology Bonds					
Series 2002	\$952,233	\$954,728	\$950,033	\$953,398	\$6,681,526
Subtotal	\$952,233	\$954,728	\$950,033	\$953,398	\$6,681,526
TOTAL AVIATION FACILITIES	\$25,886,233	\$25,672,728	\$25,464,533	\$25,249,648	\$186,245,276

RECREATIONAL FACILITIES

Series 1997	\$519,805	\$520,430	\$520,111	\$518,636	\$4,139,213
Series 2002	1,396,105	1,454,545	1,488,361	1,522,793	11,739,834
Series 2004	863,561	1,116,808	1,129,858	1,155,208	13,395,929
TOTAL RECREATION FACILITIES	\$2,779,471	\$3,091,783	\$3,138,330	\$3,196,636	\$29,274,975

BOND BANK

Series 1998A (ADDL)	\$1,042,698	\$1,043,548	\$1,042,598	\$1,044,130	\$522,113
TOTAL BOND BANK	\$1,042,698	\$1,043,548	\$1,042,598	\$1,044,130	\$522,113

TOTAL ALL BONDS \$231,291,945 \$231,834,326 \$224,783,564 \$225,099,435 \$2,943,647,623

⁽¹⁾Debt service on variable rate debt is determined by assuming an interest rate of 6%.

Source: Indiana Finance Authority (as of June 30, 2007)

Table 7
Ratios of Outstanding Debt Subject to Possible Appropriation
to Population and Personal Income

<u>Fiscal Year</u>	<u>Population⁽¹⁾</u>	<u>Personal Income⁽¹⁾⁽²⁾</u>	<u>Outstanding Debt Subject to Appropriation⁽²⁾</u>	<u>Debt/Capita⁽³⁾</u>	<u>Debt/Income⁽⁴⁾</u>
1998	5,907,617	\$149,336	\$1,240	\$210	0.8%
1999	5,942,901	154,842	1,228	207	0.8
2000	6,092,375	165,285	1,569	258	0.9
2001	6,126,395	167,881	1,624	265	1.0
2002	6,154,697	172,475	1,713	278	1.0
2003	6,191,719	178,675	1,774	287	1.0
2004	6,223,329	186,222	2,494	401	1.3
2005	6,266,019	193,516	2,518	402	1.3
2006	6,313,520	203,458	2,460	390	1.2
2007	6,313,520	203,458	2,466	391	1.2

(1) Estimated.

(2) In millions.

(3) According to Moody's 2007 State Debt Medians, the median debt per capita for all states was about \$787.

(4) According to Moody's 2007 State Debt Medians, the median percentage for all states was about 2.4%.

Source: Population: United States Census Bureau. Personal Income: United States Department of Commerce, Bureau of Economic Analysis. Outstanding Debt: Indiana Finance Authority. 2007 State Debt Medians: Moody's Investors Service.

Authorized but Unissued Debt. The General Assembly has authorized the Indiana Finance Authority (as successor to the State Office Building Commission) to issue bonds to finance additional State facilities, including:

- (a) Two additional regional mental health facilities;
- (b) State-wide wireless public safety communications network; and
- (c) Parking facilities in the area of the state capital complex.

In addition, legislation was enacted in 2005 that authorizes the Indiana Finance Authority to issue revenue bonds to finance construction of a stadium and expansion of a convention center in Indianapolis and to provide funds for research and technology grants and loans.

The Indiana Finance Authority may initially provide short-term, or construction, financing for these facilities through its commercial paper program. At December 31, 2007, \$75,000,000 principal amount of commercial paper was authorized and \$13,152,000 principal amount of commercial paper was outstanding.

The Indiana Finance Authority monitors refinancing opportunities for its revenue bonds, and may issue refunding bonds to restructure outstanding indebtedness or achieve debt service savings.

Contingent Obligations

Certain State-authorized entities, including the Indiana Bond Bank and Indiana Finance Authority, may issue obligations that, in certain circumstances, may require the entity to request an appropriation from the General Assembly to fund debt service on the obligations. The General Assembly is not required to make any such appropriations. Such obligations do not constitute an indebtedness of the State within the meaning or application of any constitutional provision or limitation.

In 2005, legislation was enacted that requires review by the Budget Committee and approval by the Budget Director of (a) the issuance by the Indiana Bond Bank or the Indiana Finance Authority of any indebtedness that

establishes a procedure for requesting an appropriation from the General Assembly to restore a debt service or other fund to required levels or (b) the execution by the Indiana Bond Bank or the Indiana Finance Authority of any other agreement that creates a moral obligation of the State to pay any indebtedness issued by the Indiana Bond Bank or the Indiana Financing Authority.

Indiana Bond Bank. The Indiana Bond Bank (the “Bond Bank”), a body corporate and politic, is not a State agency and is separate from the State in both its corporate and sovereign capacity. The Bond Bank has no taxing power. The Bond Bank is empowered to issue bonds or notes, payable solely from revenue and funds that are specifically allocated for such purpose, and loan the proceeds therefrom to local governments and other qualified entities.

To assure maintenance of the required debt service reserve in any reserve fund established for Bond Bank bonds or notes, the General Assembly may, but is not obligated to, appropriate to the Bond Bank for deposit in any such reserve funds the sum that is necessary to restore any such reserve funds to the required debt service reserve.

Bonds or notes issued by the Bond Bank for which such a debt service reserve is established are considered “moral obligation bonds”. However, bonds issued by the Bond Bank do not constitute a debt, liability or loan of the credit of the State or any political subdivision thereof under the State constitution. Particular sources are designated for the payment of and security for bonds issued by the Bond Bank, and a debt service reserve fund restoration appropriation would only be requested in the event that the particular designated sources were insufficient.

The total amount of bonds and notes which the Bond Bank may have outstanding at any one time (except bonds or notes issued to fund or refund bonds or notes) is limited to \$1.0 billion plus (a) up to \$200 million for certain qualified entities that operate as rural electric membership corporations or as corporations engaged in the generation and transmission of electric energy and (b) up to \$30 million for certain qualified entities that operate as telephone cooperative corporations. However, these limits do not apply to bonds or notes not secured by a reserve fund eligible for State appropriations.

For a list of Bond Bank bonds secured by a reserve fund eligible for State appropriations, *see* “Table 8—Schedule of Long Term Debt—Contingent Obligations—Bond Bank.”

Toll Road. The Indiana Finance Authority is authorized (and its predecessor, the Indiana Transportation Finance Authority, had been authorized) to issue revenue bonds, payable from tolls and other revenues derived from the ownership and operation of toll roads, to finance or refinance the cost of any toll road projects.

Pursuant to this authority, the Indiana Transportation Finance Authority and its predecessors issued their revenue bonds (the “Toll Road Bonds”) to finance and refinance the construction and improvement of the 157-mile Indiana East-West Toll Road (the “Toll Road”) in northern Indiana, which links the Chicago Skyway and the Ohio Turnpike. These bonds were redeemed on June 29, 2006 and are no longer outstanding. *See* “Table 8—Schedule of Long Term Debt—Contingent Obligations—Toll Road.”

In 2006, the General Assembly enacted legislation authorizing the Indiana Finance Authority to lease the Toll Road to a private entity to operate for a term not to exceed 75 years. A lease agreement with ITR Concession Company, LLC was signed in April 2006 and the transaction was closed on June 29, 2006. On June 29, 2006 a portion of the \$3.8 billion in revenues from the lease was applied to pay off all of the Toll Road Bonds. *See* “STATE BUDGET PROFILE AND FINANCIAL RESULTS OF OPERATIONS—Toll Road Lease.”

Economic Development. The Indiana Finance Authority is authorized (and its predecessor, the Indiana Development Financing Authority, had been authorized) to issue revenue bonds to finance or refinance (a) industrial development projects, rural development projects, mining operations, international exports and agricultural operations; (b) educational facility projects; (c) farming and agricultural enterprises; (d) environmental pollution prevention and remediation; (e) child care facilities; and (f) broadband development projects.

Pursuant to this authority, the Indiana Development Finance Authority issued its revenue bonds to finance and refinance a wide variety of projects. The bonds (except the Steel Dynamics Bonds, Qualitech Bonds and

Heartland Bonds (described below)) are payable solely from the revenues pledged thereto, are not in any respect a general obligation of the State and are not payable in any manner from revenue raised by taxation.

The Indiana Development Finance Authority had issued its economic development revenue bonds for Steel Dynamics, Inc. (the “Steel Dynamics Bonds”), Qualitech Steel Corporation (the “Qualitech Bonds”) and Heartland Steel, Inc. (the “Heartland Bonds”). Each of these bond issues was secured in part by a debt service reserve fund established exclusively for such bond issue. The Indiana Development Finance Authority agreed to request appropriations from the General Assembly to fund debt service on the Steel Dynamics Bonds, the Qualitech Bonds and the Heartland Bonds under certain circumstances. However, the State was not required to make any appropriations to fund debt service on the Steel Dynamics Bonds, the Qualitech Bonds or the Heartland Bonds. See “Table 8—Schedule of Long Term Debt—Contingent Obligations—Economic Development.”

Qualitech Steel, the obligor on the Qualitech Bonds, and Heartland Steel, the obligor on the Heartland Bonds, were bankrupt, and a bankruptcy court had relieved them of their obligations to make debt service payments on their indebtedness. As a result, the debt service on the Qualitech Bonds and the Heartland Bonds was being funded from appropriations by the General Assembly. However, on August 1, 2006 the Qualitech Bonds and Heartland Bonds were fully redeemed by the Indiana Finance Authority and are no longer outstanding.

In 2005, legislation was enacted that authorizes the Indiana Finance Authority to issue revenue bonds and loan the proceeds thereof to the Indiana Stadium and Convention Building Authority for the purpose of financing the acquisition and construction of a stadium and the expansion of a convention center in Indianapolis. The legislation authorizes the Indiana Stadium and Convention Building Authority to lease such capital improvements to a State agency pursuant to a lease, which requires the State agency: (1) to seek biennial appropriations from the General Assembly in an amount sufficient to pay rent equal to the debt service due on such bonds, only if: (a) the amount of such rent is fair and reasonable; and (b) such capital improvements are available for use and occupancy; and (2) to pay, from such appropriated amounts, rent sufficient to pay such debt service, only if certain local tax revenues expected to satisfy debt service are insufficient. In addition, the Indiana Finance Authority, in connection with the issuance of such revenue bonds, may establish a debt service reserve fund and a procedure for requesting appropriations from the General Assembly to restore the debt service reserve fund to required levels. The Indiana Finance Authority has issued \$611,525,000 of such revenue bonds for the stadium project and \$40,000,000 of bond anticipation notes for the convention center expansion project and is expected to issue additional revenue bonds during the next two years in an additional principal amount of approximately \$300,000,000, the proceeds of which will be used, together with other available funds, for the purpose of financing the remainder of the cost of those projects and refunding such bond anticipation notes.

In addition, legislation was enacted in 2005 that authorizes the Indiana Finance Authority to issue up to \$1.0 billion of its revenue bonds, payable from the revenues pledged thereto, to provide funds for research and technology grants and loans. The Indiana Finance Authority may establish a debt service fund or reserve fund for the bonds, to which the General Assembly may, if requested, appropriate funds necessary to pay debt service or restore the required debt service reserve.

Schedule of Long Term Debt. Table 8 lists the long term debt classified as contingent obligations that was outstanding on June 30, 2007. Debt classified as a contingent obligation is debt for which the issuing entity has agreed to, under certain circumstances, request an appropriation from the General Assembly to replenish a debt service reserve fund.

Table 8
Schedule of Long Term Debt
Contingent Obligations

<u>Type/Series</u>	<u>Original Par Amount</u>	<u>Ending Balance 6/30/2006</u>	<u>(Redeemed)/ Issued</u>	<u>Ending Balance 6/30/2007</u>
BOND BANK Special Program Pool				
Series 1997C	\$5,010,000	\$4,290,000	(\$265,000)	\$4,025,000
Series 1998A	6,485,000	5,340,000	(210,000)	5,130,000
Series 2000A (Refunding)	32,860,000	6,850,000	(1,265,000)	5,585,000
Series 2001A (Refunding)	20,840,000	14,345,000	(1,440,000)	12,905,000
Series 2001A	7,055,000	4,880,000	(305,000)	4,575,000
Series 2001B	9,500,000	7,550,000	(540,000)	7,010,000
Series 2002A	42,910,000	39,315,000	(3,975,000)	35,340,000
Series 2002C	3,940,000	2,555,000	(455,000)	2,100,000
Series 2002D	60,000,000	55,430,000	(1,245,000)	54,185,000
Series 2002E	10,155,000	9,430,000	(275,000)	9,155,000
Series 2003A	40,385,000	40,385,000	(830,000)	39,555,000
Series 2003B	8,885,000	7,720,000	(450,000)	7,270,000
Series 2003C	10,425,000	7,945,000	(815,000)	7,130,000
Series 2003D ⁽¹⁾ (CLC)	27,515,000	27,515,000	0	27,515,000
Series 2003E	36,530,000	35,545,000	(545,000)	35,000,000
Series 2003F-1	17,155,000	13,785,000	(1,345,000)	12,440,000
Series 2003F-2	1,175,000	1,130,000	(1,130,000)	0
Series 2004A	17,210,000	16,540,000	(670,000)	15,870,000
Series 2004B	17,590,000	16,485,000	(810,000)	15,675,000
Series 2004C	35,010,000	35,010,000	(400,000)	34,610,000
Series 2004D	29,275,000	28,985,000	(1,355,000)	27,630,000
Series 2005A	14,790,000	14,400,000	(625,000)	13,775,000
Series 2005C	11,160,000	11,160,000	(380,000)	10,780,000
Series 2005D	4,505,000	4,505,000	0	4,505,000
Series 2006B-1	12,400,000	12,400,000	0	12,400,000
Series 2006B-2	2,890,000	2,890,000	0	2,890,000
Series 2006A (Ref)	26,485,000	26,485,000	(1,355,000)	25,130,000
Series 2006C ⁽¹⁾	20,660,000	20,660,000	0	20,660,000
Series 2006D	13,985,000	0	13,110,000	13,110,000
TOTAL BOND BANK	\$546,785,000	\$473,530,000	(\$7,575,000)	\$465,955,000
ECONOMIC DEVELOPMENT				
Qualitech Steel ⁽²⁾	\$33,100,000	\$22,100,000	(\$22,100,000)	\$0
Heartland Steel ⁽²⁾	13,800,000	9,700,000	(9,700,000)	0
TOTAL ECONOMIC DEVELOPMENT	\$46,900,000	\$31,800,000	(\$31,800,000)	\$0
INDIANA FINANCE AUTHORITY				
Stadium Project Series 2005A	\$400,000,000	\$400,000,000	\$0	\$400,000,000
Stadium Project Series 2007A	211,525,000	0	211,525,000	211,525,000
TOTAL STADIUM PROJECT	\$611,525,000	\$400,000,000	\$211,525,000	\$611,525,000
TOTAL ALL BONDS	\$1,205,210,000	\$905,330,000	\$172,150,000	\$1,077,480,000

⁽¹⁾Qualified obligation revenues are expected to be sufficient to pay debt service. However, a portion of qualified obligation revenues are payable solely from General Assembly appropriations to the qualified entity.

⁽²⁾Qualitech Steel Bonds and Heartland Steel Bonds were fully redeemed on August 1, 2006.

Source: Indiana Finance Authority (as of June 30, 2007)

Other Entities Issuing Debt

The following entities, although created or designated by the State, are authorities, instrumentalities, commissions, separate bodies corporate and politic, or not-for-profit corporations separate from the State. The entities may incur debt while exercising essential governmental or public functions. Any debt incurred by the entities is secured only by specific revenue and sources pledged at the time the debt is incurred and is neither direct nor indirect debt of the State. Any such debt does not constitute an indebtedness of the State within the meaning or application of any constitutional provision or limitation.

<u>Entity</u>	<u>Purpose of Debt Issuance</u>
Board for Depositories	Provide guarantees for industrial development or credit enhancement for Indiana enterprises
Indiana Housing and Community Development Authority ⁽¹⁾	Provide funds for construction or mortgage loans for federally assisted multi-family or for low and moderate income residential housing
Indiana Port Commission	Provide funds for ports and other projects
Indiana Secondary Market for Education Loans, Inc. ⁽²⁾	Provide funds for secondary market for higher education loans
Indiana State Fair Commission	Provide funds for State fairgrounds
State Revolving Fund Loan Program	Provide funds to assist local municipalities in financing drinking water and waste water infrastructure projects.

⁽¹⁾ Formerly, Indiana Housing Finance Authority. Authorized to issue bonds, similar to the Indiana Bond Bank, that would be eligible for General Assembly appropriations to replenish the debt service reserve funds, but has not issued and does not currently expect to issue any such bonds.

⁽²⁾ A not-for-profit corporation authorized by the General Assembly.

STATE RETIREMENT SYSTEMS

There are three major State retirement systems: the Public Employees' Retirement Fund, the Indiana State Teachers' Retirement Fund and the State Police Fund. In addition, the State maintains and appropriates moneys to several other retirement plans. Each year, the boards administering the retirement systems make an actuarial investigation into the mortality, service and compensation or salary experience of the members of the system and their beneficiaries and make a valuation of the assets and liabilities of the retirement benefits.

Public Employees' Retirement Fund

The Public Employees' Retirement Fund ("PERF") has been in existence since 1945 to provide retirement, disability and survivor benefits for most State and local government employees. PERF had been administered by a five-member Board of Trustees appointed by the Governor. On July 1, 2005, the Board of Trustees was expanded to include the State Budget Director or his designee. PERF is the State's largest pension fund and has management responsibility for pension assets of State employees, local government units, judges, legislators, prosecutors, municipal police and fire units and State conservation, gaming agent, gaming control officer and excise officials. On July 1, 2007, the State portion of PERF, the 1977 Police Officers' and Firefighters' Pension and Disability Fund ("1977 Fund"), the Judges' Retirement System, the Legislators' Retirement System, the State Excise Police, Gaming Agent, Gaming Control Officer and Conservation Enforcement Officers' Retirement Plan and the Prosecuting Attorneys' Retirement Fund had 67,429 active and retired members and total assets of \$5.5 billion.

All State employees and all employees of participating political subdivisions in covered positions, including elected and appointed officials, are required to join PERF. The PERF benefit consists of (1) a pension formula benefit based upon years of service and final average salary and (2) an additional benefit based upon the member's annuity savings account balance, derived from employee contributions. The employee contribution rate is defined by law as 3.0% of each employee's salary. For State employees, the State pays the employee contributions to PERF.

Contributions are made to PERF by the State and local units determined by normal cost and amortizing the unfunded accrued liability of each unit during periods established pursuant to statute. Contribution rates are set by the PERF Board of Trustees based on annual actuarial valuations. The State is responsible for making contributions for State employee members only. Funding for PERF is included as part of the expenditures for fringe benefits by each State agency. The table below highlights the funded status and contribution history for the State portion of PERF for the last five valuation dates.

Table 9
Public Employees' Retirement Fund
(State-Related Portion Only)

	<u>July 1, 2003⁽¹⁾</u>	<u>July 1, 2004⁽²⁾</u>	<u>July 1, 2005⁽³⁾</u>	<u>July 1, 2006⁽⁴⁾</u>	<u>July 1, 2007</u>
<u>Funded Status</u>					
Actuarial Value of Assets	\$2,078,952,506	\$2,138,655,367	\$2,145,805,051	\$2,168,410,700	\$2,350,652,000
Actuarial Accrued Liability (AAL)	1,860,101,326	2,019,492,456	2,189,336,721	2,210,377,700	2,311,738,000
Unfunded/(Overfunded) AAL	(218,851,183)	(98,581,259)	43,531,670	41,967,000	(38,914,000)
Funded Ratio	111.8%	105.9%	98.0%	98.1%	101.7%
<u>Contribution History</u>					
Annual Required Contribution	\$79,641,040	\$54,579,389	\$69,647,405	87,947,466	98,430,158
Actual Employer Contribution	80,795,703	90,708,898	62,759,547	72,890,131	89,800,510
Contribution Rate ⁽⁵⁾	3.8%	4.5%	5.5%	6.3%	6.3%

⁽¹⁾ Second year of four year phase-in to adapt the actuarial valuation to a new census database system. Also, the 2% cost of living adjustment actuarial assumption was changed from a lifetime assumption to a 5-year assumption only.

⁽²⁾ Third year of four year phase-in of a new census database system. Also, the 2% cost of living adjustment assumption for 5-years was changed to 0.5% lifetime cost of living adjustment assumption. The intention is to phase-in to a recommended 1.5% lifetime cost of living adjustment assumption in 3 years.

⁽³⁾ Final year of four year phase-in of new census database system. Also, the 0.5% lifetime cost of living adjustment assumption was changed to a 1.0% lifetime cost of living adjustment assumption as part of the 3-year plan to raise the assumption to 1.5%.

⁽⁴⁾ The 1.0% lifetime cost of living adjustment assumption was changed to a 1.5% lifetime cost of living adjustment assumption as the final step in phasing in this assumption. Also, the actuarial assumptions were revised based on the recommendations of an actuarial experience study prepared for the period 2000-2005.

⁽⁵⁾ Contribution rate is set using the most recently completed actuarial valuation to go into effect the next fiscal year.

Source: Actuarial Valuation Report, Public Employees' Retirement Fund of Indiana, July 1, 2007.

Other PERF Plans

The State appropriates moneys to several other retirement plans that are administered by the PERF Board of Trustees. These include the 1977 Fund, the Judges' Retirement System, the Legislators' Retirement System, the State Excise Police, Gaming Agent, Gaming Control Officer and Conservation Enforcement Officers' Retirement Plan and the Prosecuting Attorneys' Retirement Fund. Table 10 highlights the actuarial valuation findings for these plans as of July 1, 2007.

Table 10
Other State Plans Pension Funds
Summary of Results of Actuarial Valuation
(as of July 1, 2007)

	Judges' Retirement System	Legislators' Defined Benefit Plan	Excise Police, Gaming Agent, Gaming Control Officer & Conservation Officers' Retirement Plan	Prosecuting Attorneys' Retirement Fund	1977 Police and Firefighter Fund ⁽²⁾
Funded Status					
Actuarial Value of Assets	\$211,746,513	\$5,035,122	\$57,414,295	\$23,815,045	\$2,860,512,434
Actuarial Accrued Liability	283,995,165	5,169,152	74,451,094	32,052,040	2,649,525,233
Unfunded/(Overfunded) AAL	72,248,652	134,030	17,036,799	8,236,995	(210,987,201)
Funded Ratio	74.6%	97.4%	77.1%	74.3%	108.0%
Contribution History⁽¹⁾					
Annual Required Contribution	\$12,249,490	\$120,000	\$3,127,500	\$1,043,546	\$102,964,243
Actual Employer Contribution	14,661,552	100,000	3,358,672	190,000	143,271,720

⁽¹⁾ Contribution History is for Plan Year 2007

⁽²⁾ As of January 1, 2007

Source: Actuarial Valuation Reports, July 1, 2007

The 1977 Fund provides pension and disability benefits for local police officers and firefighters hired after April 30, 1977. Benefits for the members of this plan have been funded on an actuarial basis through contributions from cities and towns and from plan members.

In addition, the PERF Board of Trustees administers a pension relief fund for those local police officers and firefighters hired before May 1, 1977. Benefits for the members of this plan have been funded on a "pay-as-you-go" basis, under which benefits are paid from current revenue provided by cities and towns and by plan members' contributions. Cities and towns receive pension relief funds from the State to reimburse them for a portion of benefit expenditures. To provide such pension relief, the State has dedicated a portion of the State's cigarette tax revenue, liquor tax revenue, Hoosier Lottery profits and investment earnings on the Public Deposit Insurance Fund. From time to time, the General Assembly has also appropriated general and dedicated funds to pension relief. During Fiscal Year 2007, \$143 million was expended from the pension relief fund, and on June 30, 2007, the total net assets of the pension relief fund were \$246.7 million.

State Teachers' Retirement Fund

The Indiana State Teachers' Retirement Fund ("TRF") administers a multiple-employer retirement fund established to provide pension benefits for teachers and their supervisors in the State's public schools. Membership in TRF is required for all legally qualified and regularly employed public school teachers. TRF provides retirement benefits, as well as death and disability benefits. TRF is administered by a five member Board of Trustees appointed by the Governor ("TRF Board"). On July 1, 2005, the TRF Board was expanded to include the State Budget Director. On June 30, 2007, TRF had 151,414 total members with assets totaling \$8,980,793,999.

The TRF benefit consists of (1) a pension formula benefit based upon years of service and final average salary and (2) an additional benefit based upon the member's annuity savings account balance, derived from employee contributions. The employee contribution rate is defined by law as 3.0% of each employee's salary. Each employer is authorized to elect to pay the employee contribution.

For employees hired prior to July 1, 1995, moneys to pay retirement benefits are provided from State appropriations on a "pay as you go" basis. As a result, there is a substantial unfunded accrued liability in the TRF (the "Closed Plan").

To address TRF's unfunded liability, the State and the TRF Board took the following actions:

(a) The State capped its pension benefit obligation by (i) shifting the obligation for all teachers hired after July 1, 1995, to local school districts and (ii) implementing a level percent of payroll current funding approach (the "New Plan"). The TRF Board sets the contribution rate for the New Plan based on an actuarial valuation of the New Plan.

(b) The New Plan was intended to be responsible not only for newly hired teachers into the schools, but also for the cost of teachers who began service before 1995 but subsequently transferred to other school corporations after 1995. The liability for these transferred teachers, which shifted from the Closed Plan to the New Plan, began to cause an unfunded liability in the New Plan. The General Assembly in 2005 addressed this growing unfunded liability in the New Plan by stopping the transfer of liabilities—therefore transferred teachers remain part of the Closed Plan. In addition, the actuarial assumptions used for calculating the contributions rate into the New Plan now include an assumption for a cost of living adjustment, thereby making the contribution rate for which local schools are liable more realistic. The TRF Board has set the current contribution rate for the New Plan at 7.25%.

In addition, the State established the Pension Stabilization Fund to partially pre-fund liabilities in the Closed Plan. The Pension Stabilization Fund was funded from General Fund, Hoosier Lottery and gaming revenue, as well as investment income. As of June 30, 2007, the Pension Stabilization Fund balance was \$1.880 billion.

Table 11
State Teachers' Retirement Fund
Summary of Results of Actuarial Valuation
(as of June 30, 2006)

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<u>Funded Status of Closed Plan</u>						
Actuarial Value of Assets	\$ 5,363,497,813	\$ 5,555,352,257	\$ 5,728,553,155	\$ 5,765,667,711	\$5,796,723,667	\$5,477,221,211
Actuarial Accrued Liability	12,695,787,691	13,497,778,031	13,354,866,440	13,548,525,320	14,254,146,576	15,002,470,604
Unfunded/(Overfunded) AAL	7,332,289,878	7,942,425,774	7,626,313,285	7,782,857,609	8,457,422,909	9,525,249,393
Funded Ratio	42.2%	41.2%	42.9%	42.6%	40.7%	36.5%
<u>Funded Status of New Plan⁽¹⁾</u>						
Actuarial Value of Assets	\$ 447,261,751	\$ 621,222,272	\$ 825,811,772	\$ 1,038,726,916	\$1,268,575,809	\$2,209,467,754
Actuarial Accrued Liability	838,038,282	1,166,883,205	1,392,472,616	1,649,400,668	2,010,746,868	2,363,101,528
Unfunded AAL	380,776,531	545,660,933	566,660,844	610,673,752	742,171,059	153,633,774
Funded Ratio	54.0%	53.2%	59.3%	63.0%	63.1%	93.5%

⁽¹⁾ Total Unfunded Accrued Liability of the New Plan is primarily attributable to the transfer of members (and their accrued liabilities) from the Closed Plan.

Source: Indiana State Teachers' Retirement Fund, The Report of the Annual Actuarial Valuation, June 30, 2006.

State Police Pension Trust

The State Police Pension Trust consists of two structures that provide retirement benefits to State police officers. The State makes contributions to the State Police Pension Trust from appropriations of General Fund and Motor Vehicle Highway Fund moneys. At present, members contribute and may borrow funds in an amount up to their contribution, subject to State Police Pension Advisory Board policies. Retirement benefits may not exceed one-half of either the member's highest salary in 36 consecutive months or a third year trooper's pay (depending upon the structure in which the member belongs), plus additions tied to years of service. Survivor and disability benefits may not exceed the basic pension amount. The State Police Pension Fund is funded on an actuarial basis. The Treasurer of State is custodian for the trust. Certain financial information about the State Police Pension Trust is also included in the 2005 Financial Report. *See* "FISCAL POLICIES—2005 Financial Report."

ECONOMIC AND DEMOGRAPHIC INFORMATION

Summary

Indiana's economy is growing in diversity, even as it strengthens its manufacturing roots. With an estimated 2006 Gross Domestic Product (GDP) by State of approximately \$248.9 billion (current dollars), Indiana's economy ranks sixteenth largest in the country in terms of the value of goods and services produced. From 1996 to 2006, Indiana witnessed a significant shift in the distribution of employment between sectors. Employment in the Professional and Business Services sector increased by 30.6%, followed by a 23.1% gain in Education and Health Services and a 13% increase in Leisure & Hospitality Services. The Manufacturing sector is 18.7% of total employment in Indiana, a decrease from 22.6% in 1996; Manufacturing has been surpassed by Trade, Transportation and Utilities as the largest single sector of employment in Indiana.

Indiana is rich in assets with a low cost of living, a business-friendly regulatory environment and an efficient transportation system. Well-located for goods production and distribution, Indiana is within a day's drive of nearly two-thirds of the United States' population. With 10,023 miles of State highways and 1,172 miles of interstate highways, Indiana has more interstate highways passing through it than any other state. The Governor's 2006 Major Moves transportation initiative, calling for \$10.6 billion invested over ten years, will fund both maintenance and new construction for Indiana's roadways. Coupled with the elimination of the state's inventory tax and the adoption of Daylight Savings Time in 2006, Indiana becomes even more attractive as a site for production, warehousing and distribution and transportation activities, such as the Indianapolis FedEx hub.

The cost of living index for Indiana's major cities has been consistently below the national average. Indiana ranks favorably among the states in housing affordability and percent of home ownership. Electricity costs are comparatively low in Indiana due to the ready availability of ample coal reserves. According to the U.S. Energy Information Administration, year to date average retail electric utility rates through September 2007 were 19.8% lower than the national average for all industrial consumers; while residential retail electric bills were 23.2% lower than the national average.

The Indiana Economic Development Corporation (IEDC) is the State of Indiana's lead economic development agency. The IEDC was officially established in February 2005 to support economic development efforts in the State of Indiana, replacing the former Department of Commerce. The IEDC is organized as a public private partnership, governed by a 12-member board of directors chaired by Governor Mitchell E. Daniels, Jr. The IEDC completed more than 150 competitive economic development projects in 2007, resulting in commitments to create over 22,600 new jobs and invest over \$3.38 billion in private capital. Industries represented include advanced manufacturing, life sciences, insurance and financial services, food/agriculture, biofuels/energy, and information technology. IEDC's job commitment results for 2007 surpassed a highly successful year in 2006 in which 183 competitive projects resulted in commitments to create over 21,500 new jobs and invest over \$8.2 billion in private capital.

Population

Indiana is the 15th most populous state in the United States. The capital and largest city is Indianapolis. From 2000 to 2006, the Indianapolis MSA has grown by 9.2%. While Indiana's educational attainment rate for bachelors' degrees has lagged the nation and several neighboring states, estimates from Census 2000 and the 2001-2006 American Community Survey indicate that between 2000 and 2006, the number of individuals with "some college", associates' degrees and bachelors' degrees were increasing at a substantially higher rate than the population 25 years and older. In addition, of those Hoosiers who have completed a bachelors' degree or above, 37.0% have attained masters', doctoral or professional degrees, closely matching the national average of 36.7%.

Table 12
Educational Attainment, Indiana Population 25 Years & Over

<u>Year</u>	<u>Some college, no degree</u>	<u>Assoc Degree</u>	<u>BA/BS or Above</u>	<u>Population 25 Yrs & Over</u>
2000	727,387	210,265	749,872	3,893,278
2001	739,281	244,714	789,776	3,882,504
2002	725,926	219,712	794,098	3,845,706
2003	747,449	253,224	811,771	3,863,200
2004	768,437	250,762	838,435	3,889,833
2005	789,952	276,886	840,876	3,956,723
2006	793,376	295,974	887,923	4,110,754
2000-2006	9.07%	40.76%	18.41%	5.59%

Sources: Census 2000, 2001-2006, American Community Survey

Indiana's excellent state colleges and universities attract students from around the county (the state ranks 4th nationally in terms of net in-migration of college freshman, according to the National Center for Education Studies)⁽¹⁾. These schools also serve as the focus of research and development efforts, assist in the formation of small business "incubators" and award advanced degrees in fields as varied as engineering, economics and pharmacy. In 2004, based on a National Science Foundation (NSF) survey, among the nation's public universities, Indiana ranked 5th in the nation in Academic Research & Development from Institutional funding (including grants and endowments) and 10th in terms of both Industry (for-profit entities) funding and funding from "All Other" sources. In the National Science Foundation 2003-2005 Science and Engineering State Profiles report, Indiana ranks in the top 20 for numbers of Doctoral Scientists, Science and Engineering (S&E) doctorates awarded, S&E and health post doctorates and graduate students in doctorate granting institutions.⁽²⁾ Purdue University, Indiana University and the University of Notre Dame have all been included in the Financial Times rankings of the world's top business schools.⁽³⁾

Table 13
Population, including Selected Indiana MSAs

	<u>2000*</u>	<u>2006</u>	<u>Percentage Change 2000-2006</u>
Indiana	6,080,485	6,313,526	3.8%
Indianapolis MSA	1,525,104	1,666,032	9.2%
Fort Wayne MSA	390,156	408,071	4.6%
Evansville- Henderson MSA	342,815	350,356	2.2%
Gary PMSA	675,971	700,896	3.7%
South Bend MSA	316,663	318,007	0.4%
United States	281,421,906	299,398,484	6.4%

*These Indiana Metropolitan Statistical Areas were reconfigured in 2005. The above population estimates are based on the areas as defined by the Office of Management and Budget as of December 2005. Consistent aggregate historical data are not yet readily available. Source: U.S. Census Bureau⁽⁴⁾

Section Footnotes:

¹http://nces.ed.gov/programs/digest/d05/tables/dt05_204.asp

²<http://www.nsf.gov/statistics/nsf07322/tables/in>

³FinancialTimes Report: Business Education <http://search.ft.com/ftArticle?queryTest=Purdue+University&aje=true&id=070129000926>

⁴http://www.census.gov/population/www/estimates/Estimates%20pages_final.html

Employment

During this past decade, employment in Indiana has shifted significantly between sectors, reflecting the fundamental changes taking place in the state's economy and following larger trends at the national level. Although manufacturing is still the second largest sector of employment at 19% of total employment, it was the slowest growing sector from 1996 to 2006 and has undergone significant diversification and acquired an international presence in recent years. The latter is especially key for the automotive and auto parts manufacturing industries where the contributions of Toyota, Subaru and the Honda plant announced in 2006 should serve to buffer that sector from some of the current vicissitudes of the domestic auto industry. Within the Manufacturing sector, some well-paying industry components experienced significant growth over the last 5 years, either in contradiction to the national trend or surpassing the U.S. rate of growth.

Table 14
Indiana High-Growth Manufacturing Sub-sectors

<u>NAICS</u>	<u>Sector Description</u>	<u>2001-2006 Empl</u> <u>Change</u>	<u>Indiana %</u> <u>Change</u>	<u>Indiana 2006 Annual</u> <u>Average Wage</u>	<u>U.S. %</u> <u>Change</u>
3254	Pharmaceutical & Medicine Manufacturing	719	4%	\$100,170	3%
3361	Motor Vehicle Manufacturing	2,152	21%	\$73,928	-13%
3362	Motor Vehicle Body & Trailer Manufacturing	10,408	36%	\$46,304	10%
3391	Medical Equipment & Supplies Manufacturing	3,495	25%	\$57,923	-2%

Source: U.S. Bureau of Labor Statistics, Quarterly Census of Employment & Wages-2001 & 2006 Annual Averages

The fastest growing sectors overall during the last decade were Professional and Business Services, which grew by 30.6% from 1996 to 2006, followed by Education and Health Services (23.1% growth).

Table 15
Indiana Non-Farm Employment by Sector; December 1996 to December 2006
(Not Seasonally Adjusted)

<u>NAICS Super Sectors</u>	<u>1996</u>	<u>Percentage</u> <u>of Total</u>	<u>2006</u>	<u>Percentage</u> <u>of Total</u>	<u>Growth</u> <u>1996-2006</u>
Total Non Farm	2,867,900	100%	3,006,400	100%	4.8%
Professional & Business Services	215,900	8%	281,900	9%	30.6%
Education & Health Services	318,900	11%	392,500	13%	23.1%
Leisure and Hospitality	246,100	9%	278,200	9%	13.0%
Government	401,000	14%	442,900	15%	10.4%
Construction	137,700	5%	149,400	5%	8.5%
Other Services	105,900	4%	111,100	4%	4.9%
Financial Activities	141,000	5%	140,600	5%	-0.3%
Trade, Transportation & Utilities	602,100	21%	601,600	20%	-0.1%
Natural Resources & Mining	7,200	0%	6,900	0%	-4.2%
Information	44,800	2%	40,300	1%	-10.0%
Manufacturing	647,700	23%	561,000	19%	-13.4%
Services Providing	2,075,300	72%	2,289,100	76%	10.3%
Goods Producing	792,600	28%	717,300	24%	-9.5%

Source: US Bureau of Labor Statistics, Current Employment Survey

Table 16
Unemployment Rate
(Annual Averages of Monthly Data, Seasonally Adjusted)

<u>Year</u>	<u>Indiana</u>	<u>U.S.</u>	Indiana as <u>Percentage of U.S.</u>
1996	3.9	5.4	75.9
1997	3.3	4.9	71.4
1998	2.9	4.5	68.9
1999	2.9	4.2	71.4
2000	2.9	4.0	80.0
2001	4.2	4.7	93.6
2002	5.2	5.8	87.9
2003	5.3	6.0	85.0
2004	5.3	5.5	96.4
2005	5.4	5.1	105.9
2006	5.0	4.6	108.6

Source: US Bureau of Labor Statistics, Local Area Unemployment Statistics

Income

In 2006, Indiana's per capita personal income reached \$32,526, increasing 4.3% from 2005. During the past ten years, Indiana's personal income grew at an average annual rate of 3.8%. Indiana's personal income has grown more rapidly than the nation's in the early years of a recovery and more slowly during the later stages.

Table 17
Growth in Per Capita Personal Income
(Current Dollars)

<u>Year</u>	<u>Indiana</u>	<u>U.S.</u>	<u>Indiana</u>	<u>U.S.</u>
1996	22,368	24,175	4.5	4.8
1997	23,306	25,334	4.2	4.8
1998	24,894	26,883	6.8	6.1
1999	25,615	27,939	2.9	3.9
2000	27,132	29,845	5.9	6.8
2001	27,406	30,574	1.0	2.4
2002	28,023	30,810	2.3	0.8
2003	28,884	31,463	3.1	2.1
2004	30,158	33,090	4.4	5.2
2005	31,173	34,471	3.4	4.2
2006	32,526	36,276	4.3	5.2
Average Annual Growth Rate (1996-2006):				3.9% 4.2%
Total Growth Rate (1996-2006):				42.8% 46.3%

Source: US Department of Commerce, Bureau of Economic Analysis, March 2007

Gross Domestic Product by State

With an estimated 2006 Gross Domestic Product by State of approximately \$248.9 billion, Indiana's economy ranks sixteenth largest in the country in terms of the value of goods and services produced. Since 2002, Indiana's Gross Domestic Product by State has grown at an average annual rate of 5.3% (current dollars).

Table 18
Indiana Gross Domestic Product by Sector; 1997 to 2006
(Millions of Current Dollars)

<u>NAICS Industry Sectors</u>	<u>1997</u>	<u>Percentage of Total</u>	<u>2006</u>	<u>Percentage of Total</u>	<u>Percentage Growth 1997-2006</u>
Arts, entertainment, and recreation	\$ 1,616	0.96	\$ 3,348	1.35%	107.17%
Educational services	995	0.59	1,925	0.77	93.46
Administrative and waste services	3,634	2.16	6,517	2.62	79.33
Health care and social assistance	10,454	6.22	18,005	7.23	72.23
Professional and technical services	5,694	3.39	9,397	3.78	65.03
Transportation and warehousing	5,685	3.38	8,826	3.54	55.25
Finance and insurance	9,615	5.72	14,065	5.65	46.28
Other services, except government	3,966	2.36	5,664	2.28	42.81
Government	16,356	9.73	24,439	9.82	49.42
Accommodation and food services	3,691	2.20	5,358	2.15	45.16
Real estate, rental, and leasing	15,952	9.49	24,351	9.78	52.65
Mining	651	0.39	898	0.36	37.94
Manufacturing	48,370	28.77	70,040	28.14	44.80
Wholesale trade	9,303	5.53	14,078	5.66	51.33
Information	3,967	2.36	5,328	2.14	34.31
Construction	7,880	4.69	10,835	4.35	37.50
Retail trade	11,507	6.84	15,804	6.35	37.34
Utilities	4,240	2.52	5,816	2.34	37.17
Management of companies and enterprises	2,295	1.37	2,434	0.98	6.06
Agriculture, forestry, fishing, and hunting	2,242	1.33	1,788	0.72	-20.25
Total Gross Domestic Product by State	<u>\$168,115</u>	<u>100.00%</u>	<u>\$248,915</u>	<u>100.00%</u>	<u>48.06%</u>

Note: Individual sectors may not sum to totals due to rounding.

Source: U.S. Department of Commerce, Bureau of Economic Analysis

Exports

Since 2002, Indiana businesses have significantly increased exported output. The value of exports in calendar year 2003 jumped to \$16,402 million, a 9.91% increase over 2002, in 2004 the total value increased to \$19,109 million, a 16.50% growth rate, in 2005 the total value increased to \$21,476 million, a 12.39% increase, and in 2006 increased to \$22.620 million, a \$5.33% increase. Since 1997, Indiana's exports have grown at an average annual rate of 7.53% as compared to 4.95% for the United States as a whole.

Table 19
Exports
(Millions)

<u>Year</u>	<u>Exports</u>		<u>Annual Percentage Change</u>		<u>Indiana as a Percentage of U.S. Exports</u>
	<u>Indiana</u>	<u>U.S.</u>	<u>Indiana</u>	<u>U.S.</u>	
1997	\$12,029	\$687,598	- %	- %	1.75%
1998	12,318	680,474	2.40%	-1.04%	1.81%
1999	12,910	692,821	4.81%	1.81%	1.86%
2000	15,386	780,419	19.18%	12.64%	1.97%
2001	14,365	731,026	-6.64%	-6.33%	1.97%
2002	14,923	693,257	3.88%	-5.17%	2.15%
2003	16,402	723,743	9.91%	4.40%	2.27%
2004	19,109	817,936	16.50%	13.01%	2.34%
2005	21,476	904,380	12.39%	10.57%	2.37%

2006	22,620	1,037,143	5.33%	14.68%	2.18%
Average Annual Growth Rate (1997-2006):			7.53%	4.95%	
Total Growth (1997-2006):			67.76%	44.57%	

Source: Office of Trade and Industry Information (OTII), Manufacturing and Services, International Trade Administration, U.S. Department of Commerce.

Table 20
Indiana's Leading Export Industries and Destinations
(Millions)

Top Export Industries		Export Destinations	
<u>Industry</u>	<u>2006 Exports</u>	<u>Country</u>	<u>2006 Exports</u>
Transportation Equipment Mfg	\$ 6,957.8	Canada	\$ 9,841
Chemical Manufacturing	4,552.5	Mexico	2,428
Machinery Manufacturing	3,017.8	United Kingdom	1,890
Computer & Electronic Products	1,778.1	France	1,378
Primary Metal Manufacturing	1,241.5	Japan	831
Misc.	1,136.1	Germany	734
Elect Eqp, Appl. & Component	783.2	Netherlands	559
Rubber & Plastics Products	673.2	China	473
Fabricated Metal Products	646.1	Australia	397
Food Manufacturing	291.3	South Korea	326
Other	<u>1,542.1</u>	Other	<u>3,763</u>
Total	<u>\$22,619.7</u>		<u>\$22,620</u>

Source: Office of Trade and Industry Information (OTII), Manufacturing and Services, International Trade Administration, U.S. Department of Commerce

LITIGATION

The following litigation liability survey is a summary of certain significant litigation and claims currently pending against the State involving amounts exceeding \$10.0 million individually or in the aggregate. This summary is not exhaustive either as to the description of the specific litigation or claims described or as to all of the litigation or claims currently pending or threatened against the State.

The State does not establish reserves for judgments or other legal or equitable claims against the State. Judgments and other such claims must be paid from the State's unappropriated balances and reserves, if any.

Contract Litigation

In June 2000, in *Linet Alexander Chanell, et al v. Marion County Sheriff and Commissioner of Indiana Department of Administration*, plaintiffs filed a class action lawsuit, that alleged the Sheriff and the Department of Administration entered into illegal telecommunication contracts that allowed the Sheriff and the Department of Administration to collect commissions from the collect call telephone service which is provided to inmates, and that the Sheriff and the Department of Administration caused the telecommunication providers to charge unreasonable telephone rates. Plaintiffs' allegations against the Department of Administration specifically claim that the Department of Administration breached its common law duty of reasonableness, levied unauthorized taxes, was unjustly enriched and violated Indiana's antitrust statute. The Department of Administration's motion for summary judgment was filed in March 2006. The plaintiffs filed a response to the motion for summary judgment, and also a cross motion for summary judgment, which raised new factual issues. The Department of Administration and the Sheriff are in the process of taking depositions in order to prepare a reply to the plaintiffs' response and to respond to the cross motion for summary judgment. Deadlines in the summary judgment process, as well as the summary judgment hearing date, have all been extended due to these developments. Summary judgment briefs are complete. Defendants filed a motion to strike concerning some of the statements of fact in plaintiffs' summary judgment brief. Plaintiffs responded and defendants' filed a reply brief and are awaiting the court's ruling. If plaintiffs are successful, the damages could be in excess of \$12.0 million. Summary judgment was found in favor of defendants. The plaintiffs appealed. All parties have briefed matter before the Appellate Court. No decision on the petition has been made to date.

In July 2002, in *Raybestos vs. Indiana Department of Environmental Management*, plaintiff filed a breach of contract action against the State alleging that the Indiana Department of Environmental Management failed to abide by the terms of an agreed order relating to the clean-up of Shelly Ditch in Crawfordsville, Indiana. The plaintiff is seeking \$18 million in damages. On a motion for summary judgment, the plaintiff prevailed on the breach of contract issue. Closing arguments were heard in January 2007 and the judge issued a judgment against the defendant. The defendant filed a notice of appeal and the appellant brief was filed on May 23, 2007. During this time period Raybestos has made written settlement overtures to the Attorney General's Office. In November 2007, the Court of Appeals reversed the trial court and found the contract void on public policy grounds, thereby eliminating the State's multi-million dollar liability. In December 2007 Raybestos filed a petition to transfer the case to the Supreme Court. No decision on the petition has been made to date.

Employment Litigation

In July 1993, in *Paula Brattain, et al vs. Richmond State Hospital.*, plaintiffs filed a lawsuit in a state trial court alleging that the State has failed to pay certain similarly classed State employees at an equal rate of pay from September 19, 1973, to September 19, 1993. The court certified plaintiffs' class, and class notification is complete. The bench trial has been set for 08/19/08. Plaintiffs seek damages in an unspecified amount, as well as attorneys' fees and costs. If plaintiffs are ultimately successful, the damages will be in excess of \$10.0 million.

Civil Rights Litigation

In 1968, in *United States of America, et al v. Board of School Commissioners, et al*, a lawsuit seeking to desegregate the Indianapolis Public Schools was filed in the United States District Court for the Southern District of

Indiana. Since about 1978, the State has paid several million dollars per year for inter-district busing that is expected to continue through 2016. The federal court entered its final judgment in 1981 holding the State responsible for most of the costs of its desegregation plan, and those costs have been part of the State's budget since then. In June 1998, the parties negotiated an 18-year phase out of the desegregation plan that was approved by the Court. State expenditures will be gradually reduced as the plan is phased out.

Property Litigation

In December 2000, in *NJK Farms and George W. Pendygraft vs. Indiana Department of Environmental Management*, property owners filed an action against the State, including the Office of Environmental Adjudication, claiming that denial of a permit for certain land use was an unconstitutional taking of property and a denial of due process under the United States Constitution, as well as a violation of the Indiana Constitution. Plaintiffs are seeking in excess of \$30.0 million in damages plus costs and attorney fees. Federal claims against the Office of Environmental Adjudication were dismissed by the federal court. Remaining federal claims are expected to be taken up after the state court acts. Pendygraft is attempting to negotiate a settlement that would grant him a landfill permit. The State is monitoring the permit process as a component of the settlement. If successful, all claims will be dropped.

In May 2000, *Greenfield Mills v. Indiana Department of Natural Resources* was filed against the State by property owners along the Fawn River in Northeastern Indiana, alleging violations of the Clean Water Act, unconstitutional takings of property and federal civil rights violations. Plaintiffs are seeking in excess of \$38.0 million in damages, costs and attorney fees. The federal trial court granted summary judgment in favor of the State, but the property owners appealed. A federal appeals court remanded the case to the trial court on one issue under the federal Clean Water Act. The parties have completed discovery on that issue and prepared briefs in support of new motions for summary judgment for consideration of the trial court. An order denying the State's motion for summary judgment and entering summary judgment in favor of the plaintiffs (on liability) was issued. The parties have to file a joint status report, following a teleconference with the court, as to how this case will proceed. Currently an independent surveyor is assessing the Fawn River. This assessment may take a year to conduct. In the interim, plaintiffs filed a motion for attorney's fees, which was denied. This matter has been reassigned to outside counsel. The plaintiffs renewed their request for attorney's fees and submitted a proposal to Department of Natural Resources which in turn submitted the proposal to the Attorney General's Office. Currently, we are discussing the proposal with Department of Natural Resources. Otherwise, we will be monitoring the case.

Juvenile Incarceration Expense Litigation

In July 2005, in *Marion County ex rel. Bart Peterson v. Connie Nass*, Marion County challenges: (1) constitutionality of statute that requires county to pay state for expenses of juvenile incarceration (Marion County is approximately \$62 million in arrears), and (2) the misapplication of Indiana Code Sections 11-10-2-3 and 4-24-7-2, in that Marion County has been assessed by the State for costs incurred by Department of Correction institutions other than the Boys School and the Girls School. On July 27, 2005, plaintiff filed a motion for preliminary injunction. Court issued an order setting motion for hearing for August 16, 2005. On July 27, 2005, St. Joseph County moved to intervene as another plaintiff. On July 28, 2005, defendants filed appearances of counsel, notice of automatic enlargement, up to and including September 3, 2005, in which to respond to the complaint, and motion for change of venue from the county. The cause was venued to Shelby Superior Court. All State defendants filed their answer and motion for summary judgment. The court granted Joseph and Clark Counties' motion to intervene as plaintiffs. A hearing was held in September 2005 on motions that had been filed. Discovery is complete and a final hearing on cross motions for summary judgment was held. The courts grant of summary judgment for the defendants is being appealed.

Class Action Litigation

Koehlinger, et al. v. The State Lottery Commission of Indiana d/b/a Hoosier Lottery is a class action claim for, among other allegations, negligence and violation of the Deceptive Sales Act by the Hoosier Lottery. The claimant is seeking class certification on behalf of all consumers allegedly damaged by the lottery's actions. The basis for the claim is the lottery's overstatement of remaining prizes available for Instant Ticket game #743. The overstatement was due to an unintentional error with the lottery's computer system that only affected this game for a

period of nearly 14 months. The claimant is seeking a yet undetermined amount based on statutory damages outlined in the Deceptive Consumer Sales Act and the negligence claim. The lottery has completed the first wave of discovery and a 1/7/08 hearing on lottery's motion to dismiss was denied on 2/1/08. Class certification has yet to occur. The Lottery Commission filed an Answer to Plaintiffs' Class Action Complaint and Motion for Certification of Interlocutory Appeal for several of the motion to dismiss issues and a Motion for Stay of Trial Court Proceedings on 3/5/08. Court denied Motion For Certification of Interlocutory Appeal. Although a damages amount has not been discussed or requested in writing, Plaintiffs' counsel has verbally mentioned an amount between \$20 million and \$1 billion dollars based on the Deceptive Consumer Sales Act damages theory.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX B

SUMMARY OF LOCAL REVENUES

Excise Taxes

The Excise Taxes consist of the Marion County Innkeeper's Tax, the Marion County Food and Beverage Tax, the Marion County Admissions Tax, the Marion County Supplemental Auto Rental Excise Tax and the Regional County Food and Beverage Tax. "2005 New Excise Tax Revenues" means collectively: (i) the portion of the Marion County Innkeeper's Tax imposed pursuant to Indiana Code 6-9-8, as amended, and any successor provisions, described in Indiana Code 6-9-8-3(e) and deposited in the Stadium and Convention Special Fund pursuant to the Revenue Deposit Agreement; (ii) the portion of the Marion County Food and Beverage Tax imposed pursuant to Indiana Code 6-9-12, as amended, and any successor provisions, described in the second sentence of Indiana Code 6-9-12-8 and deposited in the Stadium and Convention Special Fund pursuant to the Revenue Deposit Agreement; (iii) the portion of the Marion County Admissions Tax imposed pursuant to Indiana Code 6-9-13, as amended, and any successor provisions, described in Indiana Code 6-9-13-2(c) and deposited in the Stadium and Convention Special Fund pursuant to the Revenue Deposit Agreement; (iv) the portion of the Marion County Supplemental Automobile Excise Tax imposed pursuant to Indiana Code 6-6-9.7, as amended, and any successor provisions, described in Indiana Code 6-6-9.7-7(d), and deposited in the Stadium and Convention Special Fund pursuant to the Revenue Deposit Agreement; and (v) the portion of the Regional County Food and Beverage Tax authorized pursuant to Indiana Code 6-9-35, as amended, and any successor provisions, described in Indiana Code 6-9-35-12(a), which are paid to the Treasurer of the Board and deposited in the Stadium and Convention Special Fund pursuant to the Revenue Deposit Agreement. Under the Revenue Deposit Agreement, the 2005 New Excise Tax Revenues are pledged to secure and pay installments of lease rental under the Sublease, the Convention Center Sublease and any other Additional Obligation (each as defined in the Revenue Deposit Agreement, each an "Obligation" and collectively, the "Obligations") as the same become due. Additional Obligations means the Convention Center Sublease, the Supplemental Convention Center Subleases and the Supplemental Stadium Subleases (both as defined in the Revenue Deposit Agreement).

Payment and Deposit of Amounts Received. The Excise Taxes collected by the persons required to collect them are remitted monthly to the State. The amounts collected by the State from the 2005 New Excise Tax Revenues are required to be paid monthly by the State Treasurer to the Treasurer of the Board upon warrants issued by the Auditor of the State. The Treasurer of the Board is required to apply such 2005 New Excise Tax Revenues received by it in accordance with the provisions of the Board Act and the Revenue Deposit Agreement. *See* "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF DOCUMENTS – THE REVENUE DEPOSIT AGREEMENT – Funds and Accounts; Flow of Funds."

Marion County Innkeeper's Tax. Pursuant to Indiana Code 6-9-8, a tax is levied within Marion County on every person engaged in the business of renting or furnishing, for periods of less than 30 days, any lodgings in any hotel, motel, inn, tourist camp, tourist cabin or any other place in which lodgings are furnished for a consideration (such tax, the "Marion County Innkeeper's Tax"). After June 30, 2005, the tax rate is 9% of the gross income received by the person from the renting or furnishing of such lodgings. Until June 30, 1997, the tax rate had been 5%. From July 1, 1997, to and including June 30, 2005, the tax rate had been 6% (such portion of the tax attributable to such rate, the "Original Marion County Innkeeper's Tax Revenue"). The First Regular Session of the 114th General Assembly (2005) adopted Public Law 214-2005 which amended Indiana Code 6-9-8, to permit the Marion County Innkeeper's Tax to be increased from 6% to 9% if the City-County Council of the City of Indianapolis, Indiana, and Marion County (the "Indianapolis City-County Council") adopted an ordinance by a majority vote of its members. The amendment provides that the 3% increase, together with the 1% increase in the tax rate from 5% to 6% collected after December 31, 2027 (the "Innkeeper's Tax Increase"), in the tax rate may be used only for payment of Obligations incurred by the Board to the Building Authority or to any state agency created under Section 26 of Indiana Code 5-1-17 (the "Building Authority Act"). In accordance with the amendment to Indiana Code 6-9-8, the Innkeeper's Tax Increase will be used for the sublease rental payments under the Sublease related to the Series 2005A/2007A Bonds and any Additional Obligations. The amendment to Indiana Code 6-9-8, as well as City-County General Ordinance No. 58, 2005 (the "Indianapolis Ordinance") adopted by the Indianapolis City-County Council on June 13, 2005, provide that the Innkeeper's Tax Increase will expire on January 1, 2041, and that the tax rate will revert to 5% effective January 1, 2041.

The Marion County Innkeeper's Tax is collected by the person who rents or furnishes the rooms, lodgings or accommodations and is paid as a separate added amount to the consideration in the transaction. This tax is in addition to the state gross retail tax ("Indiana Gross Retail Tax"), which, pursuant to Indiana Code 6-2.5, is imposed at a rate of 6% on retail transactions in the State, including transactions subject to the Marion County Innkeeper's Tax. The proceeds of the Indiana Gross Retail Tax are not available for payment of rentals under any Obligation.

The Marion County Innkeeper's Tax is imposed, paid and collected in the same manner as the Indiana Gross Retail Tax and is generally imposed and administered in accordance with the rights, duties, liabilities, procedures, penalties, definitions and administration that are applicable to the imposition and administration of the Indiana Gross Retail Tax. Accordingly, the person collecting the tax is acting as the agent of the State and must remit the collections to the Indiana Department of State Revenue less a collection fee (currently 0.85% of the tax).

The following table sets forth the amount of the Marion County Innkeeper's Tax (less collection fees) collected for the years indicated:

<u>Year</u>	<u>Amount of Original Marion County Innkeeper's Tax Revenue ⁽¹⁾⁽²⁾⁽³⁾</u>	<u>Amount of Innkeeper's Tax Increase ⁽¹⁾⁽⁴⁾⁽⁵⁾</u>
1998	\$15,629,000	\$ —
1999	16,491,000	—
2000	19,893,000	—
2001	17,868,000	—
2002	18,521,000	—
2003	19,262,000	—
2004	20,980,000	—
2005	20,612,000	2,769,000
2006	22,997,000	11,122,000
2007	23,660,000	11,757,000

(1) Rounded to the nearest thousand dollars.

(2) Tax revenues for 2000 through 2007 reflect the adoption of Governmental Accounting Standards Board (GASB) Statement No. 33 which, among other things, generally requires the accrual of tax revenues in the period such taxes are imposed.

(3) Derived from the audited financial statements of the Board for the years shown, except as to 2007 which was derived from unaudited, internal reports of the Board.

(4) Derived from internal reports of the Finance Authority and are presented on a cash basis.

(5) Tax collections for the Innkeeper's Tax Increase began in July 2005; therefore, the 2005 tax revenue distribution is for a partial year.

The foregoing tables represent both the Original Marion County Innkeeper's Tax Revenue and the Innkeeper's Tax Increase, but do not represent a projection of Marion County Innkeeper's Tax revenues available for the payment of rentals under any Obligations. The only Marion County Innkeeper's Tax revenues pledged to the payment of rental payments on the Obligations are: (i) the 3% of the Innkeeper's Tax Increase for the entire term of any Obligation, and (ii) the additional 1% of the Innkeeper's Tax Increase after December 31, 2027, through the remaining term of any Obligation. No projections of such revenues that will be available to pay rentals on any Obligation are included in this Official Statement.

Marion County Food and Beverage Tax. Pursuant to Indiana Code 6-9-12, the Indianapolis City-County Council is authorized to impose a tax within Marion County on any transaction in which food or beverage (including alcoholic beverages) is furnished, prepared or served by a retail merchant for consideration and for consumption at a location, or on equipment, provided by the retail merchant, including transactions in which food or beverage is served by a retail merchant off his premises. On April 29, 1981, the Indianapolis City-County Council adopted an ordinance imposing the Food and Beverage Tax in Marion County, such tax to apply to transactions occurring after June 30, 1981. Until July 1, 2005, the tax rate had been 1% of the gross retail income received by the retail merchant from the furnishing, preparation or serving of such food or beverage (such portion of the tax attributable to such rate, the "Original Marion County Food and Beverage Tax Revenue").

Public Law 214-2005, which amended Indiana Code 6-9-12, permitted the Marion County Food and Beverage Tax to be increased from 1% to 2% if the Indianapolis City-County Council adopted an ordinance by a majority vote of its members. On June 13, 2005, the Indianapolis City-County Council adopted an ordinance providing for such increase (the “Indianapolis Ordinance”). The amendment provides that the 1% increase, together with the Post-2027 Original Marion County Food and Beverage Tax (as hereinafter defined) (the “Marion County Food and Beverage Tax Increase”) in the tax rate may be used only for payment of Obligations incurred by the Board to the Building Authority or to any state agency created under Section 26 of the Building Authority Act. In accordance with the amendment to Indiana Code 6-9-12, the Marion County Food and Beverage Tax Increase will be used for the rental payments under the Sublease related to the Series 2005A/2007A Bonds and any Additional Obligations. The amendment to Indiana Code 6-9-12, as well as the Indianapolis Ordinance, provide that the Marion County Food and Beverage Tax Increase will expire on January 1, 2041, and that the entire Marion County Food and Beverage Tax will expire effective January 1, 2041. The Marion County Food and Beverage Tax is collected by the retail merchant who furnishes, prepares or serves the food or beverage and is paid as a separate added amount to the consideration in the transaction. This tax is in addition to the Indiana Gross Retail Tax, which tax applies to, among others, food and beverage transactions subject to the Marion County Food and Beverage Tax. The proceeds of the Indiana Gross Retail Tax are not available for the payment of the rentals under any Obligation.

The Marion County Food and Beverage Tax is imposed, paid and collected in the same manner as the Indiana Gross Retail Tax and the retail merchant collecting the tax is acting as the agent of the State and the County and must remit the collections to the Indiana Department of State Revenue less a collection fee (currently 0.83% of the tax).

The following table sets forth the amount of the Marion County Food and Beverage Tax (less collection fees) collected for the years indicated:

<u>Year</u>	<u>Amount of Original Marion County Food and Beverage Tax Revenue ⁽¹⁾⁽²⁾⁽³⁾</u>	<u>Amount of Marion County Food and Beverage Tax Increase ⁽¹⁾⁽⁴⁾⁽⁵⁾</u>
1998	\$12,697,000	\$ —
1999	14,067,000	—
2000	14,780,000	—
2001	14,932,000	—
2002	16,034,000	—
2003	15,618,000	—
2004	17,567,000	—
2005	16,960,000	4,122,000
2006	18,650,000	18,082,000
2007	18,499,000	18,620,000

- (1) Rounded to the nearest thousand dollars.
- (2) Tax revenues for 2000 through 2007 reflect the adoption of GASB Statement No. 33 which, among other things, generally requires the accrual of tax revenues in the period such taxes are imposed.
- (3) Derived from the audited financial statements of the Board for the years shown, except as to 2007 which was derived from unaudited, internal reports of the Board.
- (4) Derived from internal reports of the Finance Authority and are presented on a cash basis.
- (5) Tax collections for the Marion County Food and Beverage Tax Increase began in July 2005; therefore, the 2005 tax revenue distribution is for a partial year.

In addition to the 1% Marion County Food and Beverage Tax Increase, the original 1% Marion County Food and Beverage Tax collected after December 31, 2027 (the “Post-2027 Original Marion County Food and Beverage Tax”), is pledged to the payment of rentals on all Obligations. The Post-2027 Original Marion County Food and Beverage Tax has been pledged to certain Prior Board Obligations (as defined herein), all of which mature on or before June 1, 2027. In the Revenue Deposit Agreement, the Board covenants not to issue or incur any future obligations secured by a pledge of the Post-2027 Original Marion County Food and Beverage Tax. However, in the event the Board defaults in the payment of any Prior Board Obligations and the default remains uncured after

December 31, 2027, the holders of the Prior Board Obligations may have a prior lien on the Post-2027 Original Marion County Food and Beverage Tax to satisfy the outstanding Prior Board Obligations.

The foregoing tables represent both the Original Marion County Food and Beverage Tax Revenue and the Marion County Food and Beverage Tax Increase, but do not represent a projection of Marion County Food and Beverage Tax revenues available for the payment of rentals under any Obligation. The only Marion County Food and Beverage Tax revenues pledged to the payment of rental payments on the Obligations are: (i) the 1% of the Marion County Food and Beverage Tax Increase for the entire term of any Obligation, and (ii) the Post-2027 Original Marion County Food and Beverage Tax after December 31, 2027, for the remaining term of any Obligation (subject to potential prior claims on the Post-2027 Original Marion County Food and Beverage Tax as described below). No projections of such revenues that will be available to pay rentals on any Obligation are included in this Official Statement.

The Revenue Deposit Agreement contains certain provisions to protect against dilution of the security for the Prior Board Obligations, which are further described in “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF DOCUMENTS – THE REVENUE DEPOSIT AGREEMENT.”

Prior Board Obligations. The Board has entered into certain obligations that are secured by a pledge of tax and revenue sources existing prior to the enactment of Public Law 214-2005 (the “Prior Revenues”) or has made commitments to be met by entering into certain obligations that will be so secured (collectively, the “Prior Board Obligations”), all of which are or will be scheduled to mature on or before June 1, 2027, and includes the Prior CIB Bond Related Obligations, the CIB 2007 Contractual Undertaking Obligation, the CIB Refunding and Swap Obligations and the Prior CIB Note Related Obligations, as defined below.

The “Prior CIB Bond Related Obligations,” as defined above, consist of the Board’s debt service on the Board’s revenue bonds and notes listed as Subordinate Issues Debt Service – Board’s 1999 Subordinate Obligations as set forth on the table in “APPENDIX G – PRIOR BOARD OBLIGATIONS” (“CIB Bonds”) and the Board’s lease obligations related to the Marion County Convention and Recreational Facilities Authority’s (“MCCRFA”) revenue bonds listed as Senior Bonds Debt Service and Subordinate Issues Debt Service – 1997 Bonds as set forth on the table in “APPENDIX G – PRIOR BOARD OBLIGATIONS” (“MCCRFA Bonds”). Pursuant to Indiana Code 36-10-9.1, as amended, the Board has entered into leases with MCCRFA, pursuant to which the Board has agreed to make rental payments in an amount sufficient to pay the debt service on MCCRFA’s Bonds when due, so long as the lease rental provided therein is fair and reasonable and the facilities being leased have been completed and are ready for occupancy. Such lease rental obligations related to the Prior CIB Bond Related Obligations also include additional scheduled rent in excess of such debt service on MCCRFA’s Bonds to cover certain expenses of MCCRFA. Certain of the Board’s lease obligations with respect to certain of MCCRFA’s Bonds have priority over other MCCRFA’s Bonds and the CIB Bonds.

The Board has also entered into a lease obligation to pay scheduled payments and any termination payment in connection with a hedge transaction entered into by MCCRFA related to an anticipated refunding of the 1997 Bonds listed under Subordinate Issues Debt Service in the table set forth in “APPENDIX G – PRIOR BOARD OBLIGATIONS,” which refunding, if completed, would occur in 2008. The Board may enter into an amendment to its lease obligations related to such refunding bonds and hedge obligations of MCCRFA (collectively, “CIB Refunding and Swap Obligations”), which payment obligations (if any) are not reflected in the table set forth in APPENDIX G—PRIOR BOARD OBLIGATIONS.”

The Board has also entered into a contract obligation pursuant to which the Board is conditionally obligated to pay scheduled payments on approximately \$75 million of bonds issued by The Indianapolis Local Improvement Bond Bank (related to a loan made by the City of Indianapolis to the Colts to meet a portion of the Colts Contribution to the cost of constructing the Stadium Project) in the event the Colts fail to make its scheduled payments or available funds are otherwise insufficient (the “CIB 2007 Contractual Undertaking Obligation”), which payment obligations (if any) are not reflected in the table set forth in “APPENDIX G – PRIOR BOARD OBLIGATIONS.”

The Board has also issued notes in the aggregate principal amount of approximately \$34.5 million, which mature on December 31, 2017 with interest payable annually (such notes are herein described as the “Prior CIB

Note Related Obligations and are also Prior Board Obligations), which payment obligations are not reflected in the table set forth in “APPENDIX F – PRIOR BOARD OBLIGATIONS.”

The Board has, and may, enter into additional obligations that are on a parity with or junior to the respective Prior Board Obligations, provided that, unless such an obligation has been determined by the Board to be necessary to substitute a revenue bond obligation (sold or assigned to or deposited with MCCRFA or its bond trustee) for the portion of the Board’s lease rental obligation under the Prior CIB Bond Related Obligations attributable to the lease of the RCA Dome (and thereby permitting a release of the RCA Dome from the leased premises by MCCRFA), such additional obligations are by their terms to provide that any future pledge by the Board to secure such obligations will exclude revenues received by the Board after December 31, 2027, from the Marion County Food and Beverage Tax levied and collected pursuant to IC 6-9-12 and the Marion County Admissions Tax levied and collected pursuant to IC 6-9-13.

6% Marion County Admissions Tax. Pursuant to Indiana Code 6-9-13, as amended, effective June 30, 1997, the Indianapolis City-County Council is authorized to impose a tax within Marion County on the privilege of attending any event (other than events sponsored by educational institutions, associations representing educational institutions, religious organizations, charitable organizations or political organizations) held in a facility financed in whole or in part by bonds or notes issued under Indiana Code 18-4-17 (before its repeal on September 1, 1981), the Board Act or the Finance Authority Act. Until July 1, 2005, the tax rate had been 5% of the price of admission to any such event (such portion of the tax attributable to such rate, the “Original Marion County Admissions Tax Revenue”). The Marion County Admissions Tax is collected by the person who collects the price of admission and is paid as a separate added amount to the price of admission. Prior to the amendment effective June 30, 1997, the Marion County Admissions Tax only applied to professional sporting events held at the Indiana Convention Center & RCA Dome and Victory Field. After December 31, 2040, the Original Marion County Admissions Tax and the Admissions Tax Increase (as defined herein) will apply only to professional sporting events which are held in a facility financed by bonds or notes as described above.

On April 29, 1981, the Indianapolis City-County Council adopted an ordinance to impose the 5% Marion County Admissions Tax in Marion County, such tax to apply to admission charges to professional sporting events collected after June 30, 1981. On June 9, 1997, the Indianapolis City-County Council adopted an ordinance to apply the Marion County Admissions Tax to all events (other than events sponsored by educational institutions, associations representing educational institutions, religious organizations, charitable organizations or political organizations) held in facilities financed under Indiana Code 18-4-17 (before its repeal on September 1, 1981), the Board Act or the Finance Authority Act (which presently includes Conseco Fieldhouse, the Indiana Convention Center & RCA Dome and Victory Field, in addition to the Stadium Project), such tax to apply to admission charges collected after June 30, 1997, and before January 1, 2028.

Public Law 214-2005, which amended Indiana Code 6-9-13, permitted the Marion County Admissions Tax to be increased from 5% to 6% if the Indianapolis City-County Council adopted an ordinance by a majority vote of its members. On June 13, 2005, the Indianapolis City-County Council adopted an ordinance providing for such increase, which was signed by the Mayor of the City of Indianapolis on June 22, 2005. The amendment provides that the 1% increase, together with the Post-2027 Original Admissions Tax (as hereinafter defined) (the “Admissions Tax Increase”) in the tax rate may be used only for payment of Obligations incurred by the Board to the Building Authority or to any state agency created under Section 26 of the Building Authority Act. In accordance with the amendment to Indiana Code 6-9-13, the Admissions Tax Increase will be used for the sublease rental payments under the Sublease related to the Series 2005A/2007A Bonds and any Additional Obligations. The amendment to Indiana Code 6-9-13, as well as the Indianapolis Ordinance, provide that such tax is imposed on the privilege of attending, before January 1, 2041, any event and, after December 31, 2040, any professional sporting event as defined and limited in Indiana Code 6-9-13-1 (as amended by Public Law 214-2005).

In addition to the Admissions Tax Increase, the original 5% Marion County Admissions Tax collected after December 31, 2027 (the “Post-2027 Original Admissions Tax”), is pledged to the payment of rentals on all Obligations. A portion of the Post-2027 Original Admissions Tax attributable to attendance at professional sporting events has been pledged to Prior Board Obligations, all of which mature on or before June 1, 2027. In the Revenue Deposit Agreement, the Board covenants not to issue or incur any future obligations secured by a pledge of the Post-2027 Original Admissions Tax. However, in the event the Board defaults in the payment of any Prior Board

Obligations and the default remains uncured after December 31, 2027, the holders of the Prior Board Obligations may have a prior lien on the portion of the Post-2027 Original Admissions Tax attributable to attendance at professional sporting events to satisfy the outstanding Prior Board Obligations. The Revenue Deposit Agreement contains certain provisions to protect against dilution of the security for the Prior Board Obligations, which are further described in “APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF DOCUMENTS – THE REVENUE DEPOSIT AGREEMENT.”

The following table sets forth the amount of the Marion County Admissions Tax (less collection fees) for the years indicated:

<u>Year</u>	<u>Amount of Original Marion County Admissions Tax Revenue ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾</u>	<u>Amount of Admissions Tax Increase ⁽¹⁾⁽⁵⁾</u>
1998	\$1,115,000	\$ —
1999	1,536,000	—
2000	5,124,000	—
2001	4,439,000	—
2002	4,581,000	—
2003	4,542,000	—
2004	4,969,000	—
2005	5,434,000	—
2006	5,016,000	1,158,000
2007	5,689,000	1,110,000

(1) Rounded to the nearest thousand dollars.

(2) The year 2000 was the first full year of operation for the Conseco Fieldhouse following its opening in fall of 1999. However, with the commencement of activities in Conseco Fieldhouse in 1999 and normal delays associated with the establishment of related tax remission processes by the collectors and remitters of the admissions tax, a portion of such revenues paid to the Board in (and shown in) the year 2000 may relate to 1999 activity. Data available to the Board does not permit a precise accounting of any such timing mismatches related to start-up activities.

(3) Tax revenues for 2000 through 2007 reflect the adoption of GASB Statement No. 33, which among other things, generally requires the accrual of tax revenues in the period such taxes are imposed.

(4) Derived from the audited financial statements of the Board for the years shown, except as to 2007 which was derived from unaudited, internal reports of the Board.

(5) Derived from internal reports of the Finance Authority and are presented on a cash basis.

The foregoing tables represent both the Original Marion County Admissions Tax and the Admissions Tax Increase, but do not represent a projection of Marion County Admissions Tax revenues available for the payment of rentals under any Obligations. The only Marion County Admission Tax revenues pledged to the payment of rental payments on the Obligations are: (i) the 1% of the Admissions Tax Increase for the entire term of any Obligation, and (ii) the 5% Post-2027 Original Admissions Tax after December 31, 2027, for the remaining term of any Obligation (subject to potential prior claims on the Post-2027 Original Admissions Tax as described above). No projections of such revenues that will be available to pay rentals on any Obligation are included in this Official Statement.

Marion County Supplemental Auto Rental Excise Tax. Pursuant to Indiana Code 6-6-9.7, the Indianapolis City-County Council is authorized to impose a tax within Marion County upon the rental of passenger motor vehicles and trucks in Marion County for periods of less than 30 days (such tax, the “Marion County Supplemental Auto Rental Excise Tax”). Certain rentals of passenger motor vehicles and trucks are exempt from the Marion County Supplemental Auto Rental Excise Tax. These are:

(a) Rentals of a truck with a declared gross weight in excess of 11,000 pounds;

(b) Rental of a passenger motor vehicle or truck by a funeral director licensed under state law if the rental is part of the services provided by the director for a funeral; and

(c) Temporary rental of a passenger motor vehicle or truck if the rental is:

(1) made or reimbursed under a contract or agreement between a provider and person given for consideration over and above the lease or purchase price of a motor vehicle that undertakes to perform or provide repair or replacement service, or indemnification for that service, or the operational or structural failure of a motor vehicle due to a defect in materials or skill of work or normal wear and tear;

(2) made or reimbursed under a contract for mechanical breakdown insurance;

(3) made or reimbursed under a contract for automobile collision insurance or automobile comprehensive insurance that covers the temporary lease of a vehicle to the person after the person's vehicle is damaged or destroyed in the collision; or

(4) otherwise provided to a person as a replacement vehicle:

(A) while the person's vehicle is repaired or serviced due to a defect in materials or skill of work, normal wear and tear, or other damage; or

(B) until the person permanently replaces a vehicle that has been destroyed.

On June 9, 1997, the Indianapolis City-County Council adopted an ordinance imposing a Marion County Supplemental Auto Rental Excise Tax, such tax to apply to transactions occurring after June 30, 1997. Until July 1, 2005, the tax rate had been 2% of the gross retail income received by the retail merchant for the rental, and the tax is collected by the retail merchant (such portion of the tax attributable to such rate, the "Original Marion County Supplemental Auto Rental Excise Tax Revenue").

Public Law 214-2005, which amended Indiana Code 6-6-9.7, permitted the Marion County Supplemental Auto Rental Excise Tax to be increased from 2% to 4% if the Indianapolis City-County Council adopted an ordinance by a majority vote of its members. The amendment provides that the 2% increase, together with the original 2% Marion County Supplemental Auto Rental Excise Tax collected after December 31, 2027 (the "Supplemental Auto Rental Excise Tax Increase"), in the tax rate may be used only for payment of Obligations incurred by the Board to the Building Authority or to any state agency created under Section 26 of the Building Authority Act. In accordance with the amendment to Indiana Code 6-6-9.7, the Marion County Supplemental Auto Rental Excise Tax Increase will be used for the sublease rental payments under the Sublease related to the Series 2005A/2007A Bonds and any Additional Obligations.

The Marion County Supplemental Auto Rental Excise Tax is imposed, paid and collected in the same manner as the Indiana Gross Retail Tax, and the retail merchant collecting the tax is acting as the agent of the State and Marion County and must remit collections to the Indiana Department of State Revenue.

The amendment to Indiana Code 6-6-9.7, as well as the Indianapolis Ordinance, provide that (1) if on December 31, 2027, there are obligations owed by the Board to the Building Authority or any state agency created under Section 26 of the Building Authority Act, the original 2% rate continues to be levied after its original expiration date through December 31, 2040, and (2) the Marion County Supplemental Auto Rental Excise Tax Increase expires on January 1, 2041.

The following table sets forth the amount of the Marion County Supplemental Auto Rental Excise Tax (less collection fees) for the years indicated:

<u>Year</u>	<u>Amount of Original Marion County Supplemental Auto Rental Excise Tax Revenue ⁽¹⁾⁽²⁾⁽³⁾</u>	<u>Amount of Supplemental Auto Rental Excise Tax Increase ⁽¹⁾⁽⁴⁾⁽⁵⁾</u>
1998	\$1,595,000	\$ —
1999	1,442,000	—
2000	1,934,000	—
2001	1,904,000	—
2002	1,918,000	—
2003	1,850,000	—
2004	1,740,000	—
2005	1,850,000	510,000
2006	2,067,000	1,945,000
2007	2,164,000	2,249,000

- (1) Rounded to the nearest thousand dollars.
- (2) Tax revenues for 2000 through 2007 reflect the adoption of GASB Statement No. 33 which, among other things, generally requires the accrual of tax revenues in the period such taxes are imposed.
- (3) Derived from the audited financial statements of the Board for the years shown, except as to 2007 which was derived from unaudited, internal reports of the Board.
- (4) Derived from internal reports of the Finance Authority and are presented on a cash basis.
- (5) Tax collections for the Supplemental Auto Rental Excise Tax Increase began in July 2005; therefore, the 2005 tax revenue distribution is for a partial year.

The foregoing tables represent both the Original Marion County Supplemental Auto Rental Excise Tax and the Supplemental Auto Rental Excise Tax Increase, but do not represent a projection of Marion County Supplemental Auto Rental Excise Tax revenues available for the payment of rentals under any Obligation. The only Marion County Supplemental Auto Rental Excise Tax revenues pledged to the payment of rental payments on the Obligations are: (i) the 2% of the Supplemental Auto Rental Excise Tax Increase for the entire term of any Obligation, and (ii) the original 2% of the Marion County Supplemental Auto Rental Excise Tax after December 31, 2027, through the remaining term of any Obligation. No projections of such revenues that will be available to pay rentals on any Obligation are included in this Official Statement.

Regional County Food and Beverage Tax. Public Law 214-2005 added a new chapter 35 to Indiana Code 6-9 entitled Stadium and Convention Building Food and Beverage Tax Funding which provides that not later than June 30, 2005, if Marion County adopted all of its ordinances required by the Building Authority Act, Boone, Johnson, Hamilton, Hancock, Hendricks, Morgan and Shelby counties each had the option to adopt an ordinance to impose an excise tax known as the food and beverage tax (the “Regional County Food and Beverage Tax”) at the rate equal to 1% of the gross retail income on covered transactions occurring anywhere in the respective county. Marion County adopted the Indianapolis Ordinance on June 13, 2005, thereby triggering the option for each of the aforementioned counties to adopt its ordinance. Covered transactions include any transaction in which food or beverage (including alcoholic beverages) is furnished, prepared or served by a retail merchant for consideration and for consumption at a location, or on equipment, provided by the retail merchant, including transactions in which food or beverage is served by a retail merchant off its premises. Boone, Hamilton, Hancock, Hendricks, Johnson and Shelby counties each adopted an ordinance not later than June 30, 2005, implementing the 1% Regional County Food and Beverage Tax in their respective counties. Pursuant to Indiana Code 6-9-35, the 1% Regional Food and Beverage Tax became effective on August 1, 2005. The 1% Regional County Food and Beverage Tax is collected by the retail merchant who furnishes, prepares or serves the food or beverage and is paid as a separate added amount to the consideration in the transaction. This tax is in addition to the Indiana Gross Retail Tax, which tax applies to, among others, food and beverage transactions subject to the 1% Regional County Food and Beverage Tax. The proceeds of the Indiana Gross Retail Tax are not available for the payment of the rentals under the Sublease and any Additional Obligations. Except in Johnson County, the 1% Regional County Food and Beverage Tax is imposed, paid and collected in the same manner as the Indiana Gross Retail Tax and the retail merchant collecting the tax must remit the collections to the Indiana Department of State Revenue less a collection fee (currently 0.83% of the tax). In Johnson County, the Johnson County Treasurer is responsible for collecting the 1% Regional County Food

and Beverage Tax and enforcing any of the provisions set forth in the statute authorizing the Indiana Gross Retail Tax with respect to the 1% Regional County Food and Beverage Tax, and the retail merchant collecting the tax must remit the collections to the County Treasurer less a collection fee (currently 0.83% of the tax). The 1% Regional County Food and Beverage Tax is collected by retail merchants at the time of the transaction and remitted monthly to the Indiana Department of Revenue, the state agency that administers the tax in five of the six counties, or, in Johnson County, Indiana, to the Johnson County Treasurer who remits 50% of the amounts collected to the State Treasurer monthly. Amounts received from the 1% Regional Food and Beverage Tax and dedicated to the Obligations shall be transferred monthly to the Deposit Trustee under the Revenue Deposit Agreement and may only be used for the payment of Obligations. As long as there are any obligations owed by the Board to the Building Authority or any state agency under a lease or other agreement entered into between the Board and the Building Authority or any state agency pursuant to Section 26 of the Building Authority Act, 50% of the amounts received from the 1% Regional County Food and Beverage Tax by the Indiana Department of State Revenue from each of the five counties and all of the amounts received from the 1% Regional County Food and Beverage Tax by the State Treasurer from the Johnson County Auditor, will be paid monthly by the State Treasurer to the Deposit Trustee upon warrants issued by the State Auditor.

In any State fiscal year, if the total amount of the 1% Regional County Food and Beverage Taxes imposed by all of such counties and paid to the Deposit Trustee equals \$5,000,000 (the “Regional County Food and Beverage Tax Cap”), the entire remainder of such taxes imposed by such counties during that State fiscal year will be retained by the Johnson County Treasurer or paid by the State Treasurer to the fiscal officer of the other five counties upon warrants issued by the State Auditor.

The entire amount received by the Deposit Trustee will be deposited in the Stadium and Convention Special Fund and used only for the payment or to secure the payment of Obligations and if such monies are not used for such purposes they will be returned by the Deposit Trustee to the State Treasurer who will return the taxes to the respective counties that contributed the taxes. The 1% Regional County Food and Beverage Tax terminates on January 1 of the year immediately following the year in which the last payment obligation of the Board is made with respect to any obligation owed by the Board to the Building Authority or any state agency under a lease or other agreement entered into between the Board and the Building Authority or any state agency pursuant to Section 26 of the Building Authority Act.

The following table sets forth the Regional County Food and Beverage Tax (less collection fees) collected for the years indicated:

<u>Year</u>	<u>Amount of Regional County Food and Beverage Tax ⁽¹⁾⁽²⁾⁽³⁾</u>
2005	\$ 680,000
2006	4,699,000
2007	5,013,000

- (1) Rounded to the nearest thousand dollars.
- (2) The Regional County Food and Beverage Tax applies to transactions beginning August 1, 2005; therefore, the 2005 tax revenue distribution is for a partial year.
- (3) Derived from internal reports of the Finance Authority and are presented on a cash basis.

The foregoing table represents data concerning the Regional County Food and Beverage Tax, but does not represent a projection of Regional County Food and Beverage Tax revenues available for payment of rentals under the Sublease. No projections of such revenues that will be available to pay rentals on any Obligations are included in this Official Statement.

Professional Sports Development Area Revenues

Pursuant to Indiana Code 36-7-31, the Metropolitan Development Commission of the City of Indianapolis, Indiana, and of Marion County, Indiana (the “Commission”), may establish a professional sports development area, which area may include any facility (a) used in the training of a team engaged professional sports events, or (b)

financed in whole or in part by notes or bonds issued by a political subdivision or issued under the Board Act or the Finance Authority Act and used to hold a professional sporting event. If an area is established by the Commission and approved by the State Budget Agency, certain state and local taxes generated in the area are allocated to a professional sports development area fund (the “PSDA Fund”) and can be used to finance the construction and equipping of a designated capital improvement used for a professional sporting event. The taxes which may be allocated to the PSDA Fund include the Indiana Gross Retail Tax, the Indiana Use Tax, the Indiana Adjusted Gross Income Tax imposed on an individual, the County Option Income Tax and the 2% Marion County Food and Beverage Tax (the “Covered Taxes”).

On June 20, 1997, the Metropolitan Development Commission adopted a resolution establishing the Marion County Professional Sports Development Area (the “PSDA”) and on July 14, 1997, the State Budget Agency approved such resolution. The PSDA includes four facilities: (1) the Conseco Fieldhouse, (2) the Indiana Convention Center and RCA Dome, (3) Victory Field and (4) the Indianapolis Colts Practice Facility. The PSDA also included Market Square Arena to allow for the allocation of Covered Taxes to the PSDA Fund related to the Pacers’ operations prior to their initiation of operations in Conseco Fieldhouse in 1999. With the cessation of use of Market Square Arena for the operation of a professional sports franchise during 1999 and its demolition by implosion in 2001, such inclusion is no longer relevant to the allocation of Covered Taxes to the PSDA Fund. All Covered Taxes generated at each of the four facilities will be deposited into the PSDA Fund. However, the total amount of state revenue (*i.e.*, Indiana Gross Retail Tax, Indiana Use Tax and Indiana Adjusted Gross Income Tax) captured by the PSDA may not exceed \$5,000,000 per year for 20 consecutive years (the “State PSDA Cap”).

Public Law 214-2005, which amended Indiana Code 36-7-31, provides that after May 14, 2005, the PSDA may be changed to add the site or future site of a facility that is or will be the subject of a lease or other agreement entered into between the Board and the Building Authority or any state agency created under Section 26 of the Building Authority Act and the terms governing the PSDA may be revised only with respect to such facility. Pursuant to such amendment, the budget director of the State Budget Agency determined that, commencing July 1, 2007, there will be captured in the PSDA up to \$11,000,000 per year in Covered Taxes which are state taxes for up to 34 consecutive years (the “PSDA Revenues Increase”) in addition to the up to \$5,000,000 in Covered Taxes which are state taxes to be captured in the PSDA under Indiana Code 36-7-31-14. The amendment further provided that the original \$5,000,000 per year State PSDA Cap will be extended beyond the original 20 years (which currently expires in 2017) to January 1, 2041 (the “Post-2017 Original PSDA Revenues”), so that the maximum amount of state revenue that may be captured by the PSDA is \$16,000,000 per year. The Post-2017 Original PSDA Revenues and the PSDA Revenues Increase are collectively referred to as “PSDA Revenues.”

Pursuant to the Revenue Deposit Agreement, the PSDA Revenues will be distributed to the Deposit Trustee and are pledged to the payment of lease rentals under the Sublease and any Additional Obligations. So long as there are Obligations owed by the Board to the Building Authority or to any state agency created under Section 26 of the Building Authority Act, the Board or its designee will deposit the PSDA Revenues in a special fund which may only be used for the payment of Obligations owed by the Board to the Building Authority or to any state agency created under Section 26 of the Building Authority Act.

Future PSDA Revenues are dependent, in part, upon the continued operation of professional sport franchises in one or more of the Board’s facilities described above. Currently, the major professional sport franchises operating in one or more of the Board’s facilities described above are the Pacers Basketball Corporation (the “Pacers”), the Indianapolis Colts, Inc. (the “Colts”) and the Indians, Inc. (the “Indians”) (collectively the “Sport Franchises”). Terms of the agreements with the respective Sports Franchises are as follows:

Pacers. The Board, the Authority and the Pacers agreed to an operating agreement (as amended, the “Operating Agreement”) and a financial agreement (as amended, the “Financial Agreement”) in 1997 related to Conseco Fieldhouse. The initial term of the Operating Agreement is 20 years, beginning in 1999, with the Pacers possessing the option to extend the Operating Agreement for ten consecutive periods of five years each. The Operating Agreement provides generally that the Pacers may terminate the agreement under certain circumstances involving condemnation, eminent domain, damage or destruction of the facility. Additionally, the Operating Agreement provides that a sale of shares which would constitute a controlling interest in the Pacers, or the sale of substantially all of the assets of the Pacers, is subject to the Board’s right of first refusal and, after the sale, the Pacers (or buyer, if it is a sale of assets) will remain bound by the Operating Agreement. In the Financial

Agreement, the financial rights, duties and obligations of the parties are enumerated. Under the Financial Agreement, the parties agree that during the second ten year period of the initial term of the Operating Agreement, the Pacers have the right to terminate the Operating Agreement if the Pacers' operation of the facility results in past, present and projected future net cash flow losses according to very specific criteria. In 2007, the Pacers delivered to the Board a notice asserting the existence of certain net cash flow losses. No determination has been made by the Board as to whether such notice or purported assertions meet any of such criteria. Pursuant to the agreement, the Board can prevent the Pacers' early termination by committing to subsidize the Pacers' present and next season's net cash flow losses. If the right to terminate is exercised, then the Pacers are required to pay the Board a termination fee equal to an agreed upon amount based upon a formula intended to reimburse the City of Indianapolis for the economic effects of such early termination.

Colts. The Board, the City and the Colts executed a lease agreement (as amended, the "Agreement") pursuant to which, among other things, the Colts agreed to play certain of its home National Football League games in the Stadium Project when complete and the Board agreed to make the Stadium Project available for such purpose. The initial term of the Agreement commences upon completion of the Stadium Project in accordance with the terms and conditions of the Development Agreement entered into in 2005 (as amended, the "Development Agreement") by and among the Finance Authority, the Board and the Colts and runs until August 31, 2038. The Agreement and the Development Agreement provide generally that the Colts may terminate such agreements under certain limited circumstances such as bankruptcy, failure to complete the Stadium Project, as specified in the Development Agreement, and damage or destruction of the Stadium Project, that cannot be or is not repaired or cured as specified therein.

Indians. In 1994, the Board and the Indians executed a sub-lease agreement (as amended, the "Sub-Lease") for the use of Victory Field. The initial term of the Sub-Lease commenced in 1996 and ends in 2016, with the Indians possessing the option to extend the Sub-Lease for ten consecutive periods of five years each. The Sub-Lease provides generally that the Indians may terminate the Sub-Lease under certain circumstances involving condemnation or eminent domain. If the facility or any portion is damaged or destroyed, neither party has a right to terminate, but the Board will use best efforts to restore or repair the facility. After the initial term of the Sub-Lease, the Board acquires a right of first refusal to match any bona fide offer received by the Indians for the sale of substantially all the assets of the Indians. The Indians may also terminate this agreement if (i) a Major League Baseball franchise locates in the Indianapolis area, (ii) the obligations of the Sub-Lease are assumed by another entity upon a transfer of the franchise, or (iii) the American Association, or other league in which the Indians are a member, ceases operations.

The following table sets forth the amount of the historical revenues generated from the original PSDA (less collection fees) for the years indicated:

<u>Year</u>	<u>Amount of original revenues from PSDA ⁽¹⁾⁽²⁾⁽⁵⁾</u>
1998	\$4,722,000
1999	5,244,000
2000	8,304,000 ⁽³⁾
2001	6,167,000
2002	5,161,000
2003	6,453,000
2004	5,696,000 ⁽⁴⁾
2005	5,257,000
2006	7,351,000 ⁽⁴⁾
2007	6,563,000 ⁽⁴⁾

(1) Rounded to the nearest thousand dollars.

(2) Tax revenues for 2000 through 2007 reflect the adoption of GASB Statement No. 33 which, among other things, generally requires the accrual of tax revenues in the period such taxes are imposed.

- (3) Includes approximately \$1,731,000 resulting from a payment by the State of original revenues from the PSDA that should have been paid for the years 1997 through 1999, inclusive.
- (4) Includes Marion County Option Income Tax receipts of approximately \$844,000 (in 2004), \$2,095,000 (in 2006) and \$1,282,000 (in 2007) that were adjusting payments related to State tax receipts in prior periods. In particular, (a) the 2002 and 2003 taxes are included with the Board's listed 2004 receipts, (b) the 2004 and 2005 taxes are included with the Board's listed 2006 receipts and (c) the 2006 taxes are included with the Board's listed 2007 receipts.
- (5) Derived from the audited financial statements of the Board for the years shown, except as to 2007 which was derived from unaudited, internal reports of the Board.

The foregoing table represents historical collections of revenues from the original PSDA, but does not include any data concerning the Post-2017 Original PSDA Revenues or the PSDA Revenues Increase, and does not represent a projection of PSDA Revenues available for the payment of rentals on any Obligations. The only PSDA Revenues pledged to the payment of rentals on any Obligations are the Post-2017 Original PSDA Revenues and the PSDA Revenues Increase. While the maximum amount of PSDA Revenues that may be captured to pay rentals on any Obligations is \$16,000,000 per year after 2017, no projections of such revenues that will be available to pay rentals on any Obligations are included in this Official Statement.

Fees

Ticket Fee. With respect to a capital improvement that is subject to the Marion County Admissions Tax imposed by Indiana Code 6-9-13, Section 13 of the Building Authority Act provides that, upon request of the Building Authority, the Board will impose a fee: (i) not to exceed \$3, as determined by the Building Authority, for each admission to a professional sporting event described in Indiana Code 6-9-13-1; and (ii) not to exceed \$1, as determined by the Building Authority, for each admission to any other event described in Indiana Code 6-9-13-1. As of the date of this Official Statement, the Building Authority has taken no official action to impose the admissions tax. The Colts, under the lease between the Board and the Colts, have the right to terminate such lease in the event the Building Authority imposes the admissions tax described in (i) above (but not (ii) above). So long as there are any Obligations owed by the Board to the Building Authority or any state agency pursuant to a Lease or other agreement entered into between the Board and the Building Authority or any state agency created under Section 26 of the Building Authority Act, including the Sublease, the Board or its designee will deposit the revenues received from the fee imposed under this subsection (if such fee is imposed) in the Stadium and Convention Special Fund to be used only for the payment of the Obligations.

Specialty License Plate Fee. Public Law 214-2005, which added a new Chapter 49 to Indiana Code 9-18, permits the Indiana Bureau of Motor Vehicles to design, and issue after December 31, 2005, a National Football League franchised football team license plate as a specialty group recognition license plate under Indiana Code 9-18-25 featuring the name and logo of the Indianapolis Colts. The annual fee of \$20, which will be charged for the license plate, is in addition to standard license plate fees and is collected by the Indiana Bureau of Motor Vehicles at the time the plate is sold. Fees received from the sale of the Indianapolis Colts' specialty license plates (the "Specialty License Plate Fee") are required to be deposited into a special capital projects fund administered by the Budget Director of the State of Indiana. Amounts in the capital projects fund will be transferred to the Deposit Trustee, as the designee of the Board chosen by the Budget Director. Amounts transferred to the Board or the Deposit Trustee will be used for the payment of Obligations. Pursuant to Indiana Code 9-18-39-4, money in the capital projects fund is continuously appropriated and, pursuant to Indiana code 9-18-49-15, does not revert to the general fund of the State at the end of the State's fiscal year.

The following table sets forth the Specialty License Plate Fee collected for the years indicated:

<u>Year</u>	<u>Amount of Specialty License Plate Fee ⁽¹⁾⁽²⁾⁽³⁾</u>
2006	\$133,000
2007	453,000

(1) Rounded to the nearest thousand dollars.

(2) The Specialty License Plate Fee applies to transactions beginning January 1, 2006.

- (3) Specialty License Plate Fee revenues are derived from internal reports of the Finance Authority and are presented on a cash basis.

The foregoing table represents data concerning the Specialty License Plate Fee, but does not represent a projection of Specialty License Plate Fee revenues available for payment of rentals on any Obligations. No projections of such revenues that will be available to pay Sublease rentals are included in this Official Statement.

Neither the Board nor the MCCRFA are obligated to make payment of the principal of or interest on the Series 2005A/2007A Bonds. The Board, pursuant to the Sublease, is obligated to make rental payments, but solely from the Local Revenues. Except for certain information contained in this Official Statement regarding the Board, the Board has not passed on the accuracy or completeness of this Official Statement.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF DOCUMENTS

[THIS PAGE INTENTIONALLY LEFT BLANK]

THE FOLLOWING IS A SUMMARY OF CERTAIN PROVISIONS CONTAINED IN THE INDENTURE, THE LOAN AGREEMENT, THE LEASE, THE SUBLEASE, AND THE REVENUE DEPOSIT AGREEMENT. THIS SUMMARY DOES NOT PURPORT TO BE A COMPREHENSIVE DESCRIPTION AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE INDENTURE, THE LOAN AGREEMENT, THE LEASE, THE SUBLEASE, AND THE REVENUE DEPOSIT AGREEMENT.

DEFINITIONS

The following definitions apply throughout this Official Statement.

“Accounts” means the accounts created pursuant to the Indenture.

“Act” means, collectively, Indiana Code 4-4-10.9, as amended, and Indiana Code 4-4-11, as amended.

“Additional Admissions Tax” means the portion of the Marion County Admissions Tax imposed pursuant to Indiana Code 6-9-13, as amended, and any successor provisions, described in Indiana Code 6-9-13-2(c) and deposited in the Stadium and Convention Special Fund pursuant to the Revenue Deposit Agreement.

“Additional Bonds” means the additional parity Bonds and Refunding Bonds authorized to be issued by the Finance Authority pursuant to the Indenture.

“Additional Building Authority Notes” means promissory notes issued to the Finance Authority pursuant to Indiana Code 5-1-17, the Loan Agreement and any Supplemental Loan Agreement, subsequent to the issuance of the Series 2007A Building Authority Note, and acquired with the proceeds of a Series of Additional Bonds for the purpose of providing loans to the Building Authority, which will be used, together with other available funds, to pay the costs of the Stadium Project.

“Additional Convention Center Bonds” means any bonds issued by the Finance Authority pursuant to a supplement to the Convention Center Trust Indenture on a parity with the First Series of Convention Center Bonds and any Additional Convention Center Bonds theretofore issued and, in each case, then outstanding.

“Additional Innkeeper’s Tax” means the portion of the Marion County Innkeeper’s Tax imposed pursuant to Indiana Code 6-9-8, as amended, and any successor provisions, described in Indiana Code 6-9-8-3(e) and deposited in the Stadium and Convention Special Fund pursuant to the Revenue Deposit Agreement.

“Additional Marion County Food and Beverage Tax” means the portion of the Marion County Food and Beverage Tax imposed pursuant to Indiana Code 6-9-12, as amended, and any successor provisions, described in the second sentence of Indiana Code 6-9-12-8 and deposited in the Stadium and Convention Special Fund pursuant to the Revenue Deposit Agreement.

“Additional Marion County Professional Sports Development Area Revenues” means the portion of the proceeds received by the Board from the Marion County Professional Sports Development Area in accordance with Indiana Code 36-7-31, as amended, described in Indiana Code 36-7-31-14.1 and deposited in the Stadium and Convention Special Fund pursuant to the Revenue Deposit Agreement.

“Additional Obligations” means the Convention Center Sublease, any Supplemental Convention Center Subleases and any Supplemental Subleases.

“Additional Payments” means additional amounts required to be paid by the Building Authority pursuant to the Loan Agreement. See “THE LOAN AGREEMENT – Loan from Finance Authority; Issuance of Notes – Additional Payments.”

“Additional Project” means a capital improvement or a portion thereof or a modification thereto or land upon which a capital improvement is located or the Building Authority or the Board expects to be located, which is

acquired or constructed by the Building Authority and leased to the OMB and subleased to the Board pursuant to the Lease or a Supplemental Lease and the Sublease or a Supplemental Sublease.

“Additional Supplemental Auto Rental Excise Tax” means the portion of the Marion County Supplemental Auto Rental Excise Tax imposed pursuant to Indiana Code 6-6-9.7, as amended, and any successor provisions, described in Indiana Code 6-6-9.7-7(d), and deposited in the Stadium and Convention Special Fund pursuant to the Revenue Deposit Agreement.

“Alternate Credit Enhancement” or “Alternate Liquidity Facility” means a letter of credit, insurance policy, line of credit, surety bond, standby purchase agreement or other security or liquidity instrument, as the case may be, issued in accordance with the terms hereof as a replacement or substitute for any Credit Enhancement or Liquidity Facility, as applicable, then in effect.

“Applicable Investment Securities” means with respect to funds on deposit in a subaccount related to the Sublease, Investment Securities as defined in the Indenture, and with respect to funds on deposit in a subaccount related to the Convention Center Sublease, Investment Securities as defined in the Convention Center Trust Indenture.

“Auction Rate Securities Mode” means the Mode during which the Series 2005A/2007A Bonds bear interest at an auction rate.

“Authorized Building Authority Representative” means the person designated at the time pursuant to the Loan Agreement to act on behalf of the Building Authority by written instrument furnished to the Finance Authority and the Trustee, containing the specimen signature of such person and signed by any officer of the Building Authority. Such instrument may designate an alternate or alternates.

“Authorized Denominations” means (i) with respect to Bonds in a Daily Mode or Weekly Mode, \$100,000 and any integral multiple of \$5,000 in excess thereof, (ii) with respect to Bonds in a Flexible Mode, \$100,000 and any integral multiple of \$1,000 in excess thereof, (iii) with respect to Bonds in a Long-Term Mode, \$5,000 and any integral multiple thereof, and (iv) with respect to Bonds in an Auction Rate Securities Mode, \$25,000 and integral multiples thereof.

“Authorized Officer” means the Chairman or the Vice Chairman of the Finance Authority, the State Public Finance Director or such other person or persons who are duly authorized to act on behalf of the Finance Authority.

“Authorizing Statute” means Indiana Code 4-4-10.9, as amended, and Indiana Code 4-4-11, as amended, pursuant to which the Bonds are issued.

“Bank” means collectively or separately, as the context requires, JPMorgan Chase Bank, National Association, The Bank of New York, Dexia Credit Local (acting through its New York Branch) and RBS Citizens, National Association d/b/a Charter One, as Liquidity Providers, under the Standby Purchase Agreement, and any Credit Provider or Liquidity Provider of an Alternate Credit Enhancement or Alternate Liquidity Facility delivered in replacement thereof, as well as of any Alternate Credit Enhancement or Alternate Liquidity Facility delivered in replacement of a prior Alternate Credit Enhancement or Alternate Liquidity Facility.

“Beneficial Owner” means, so long as the Bonds are negotiated in the Book-Entry System, any Person who acquires a beneficial ownership interest in a Bond held by the Securities Depository. If at any time the Bonds are not held in the Book-Entry System, Beneficial Owner means Owner for purposes of the Indenture.

“Board” means the Capital Improvement Board of Managers of Marion County, created pursuant to Indiana Code 36-10-9, as amended, or if said board will be abolished the board, body, commission or agency succeeding to the principal functions thereof.

“Bond Counsel” means any firm of nationally recognized municipal bond attorneys selected by the Finance Authority and experienced in the issuance of municipal bonds and matters relating to the excludability of the interest thereon from gross income for federal income tax purposes.

“Bondholder” or “Owner of a Bond” or “Owner” or any similar term means the registered owner of a Bond.

“Bond Issuance Expense Account” means the account by that name created by the Indenture.

“Bonds” means the Series 2005A Bonds, the Series 2007A Bonds and any Additional Bonds or Refunding Bonds issued under the Indenture.

“Book-Entry System” means the system maintained by the Securities Depository.

“Budget Director” means the director of the State Budget Agency appointed by the Governor of the State pursuant to Indiana Code 4-12-1-3, or if said director will be abolished the person, board, body, commission or agency succeeding to the principal functions thereof.

“Building Authority” means the Indiana Stadium and Convention Building Authority, a separate body corporate and politic, created as an instrumentality of the State pursuant to Indiana Code 5-1-17 or if said authority is abolished, the authority, board, body, commission or agency succeeding to the principal functions thereof.

“Building Authority Note Payment” means the amounts paid or required to be paid, from time to time, for the principal of and interest on a Building Authority Note held by the Trustee pursuant to the Indenture.

“Building Authority Notes” means the Series 2005A Building Authority Note, the Series 2007A Building Authority Note and any Additional Building Authority Notes.

“Business Day” means any business day other than (i) a Saturday or Sunday or (ii) a day on which the Trustee, Paying Agent, Remarketing Agent, are required or authorized to be closed or (iii) a day on which the office of the Credit Provider or Liquidity Provider at which it will pay draws or advances are required or authorized to be closed or (iv) a day on which The New York Stock Exchange is closed or the payment system of the Federal Reserve is not in operation.

“Capital Improvement Board” means the Capital Improvement Board of Managers of Marion County, Indiana, created pursuant to Indiana Code 36-10-9, as amended, or if said board will be abolished the board, body, commission or agency succeeding to the principal functions thereof.

“Capitalized Interest Account” means the account by that name created by the Indenture.

“Cash Flow Certificate” means a certificate prepared by an accountant, firm of accountants or other entity at the direction of the Finance Authority in accordance with the Indenture, concerning anticipated Revenues and payments.

“Clearing Agency” means initially the Securities Depository, and its successors and assigns, including any surviving, resulting or transferee corporation, or any successor corporation that may be appointed in a manner consistent with the Indenture and will include any direct or indirect participants of the Securities Depository.

“Code” means, with respect to each Series of Bonds, the Internal Revenue Code of 1986 in effect on the date of issuance of such Series of Bonds, and the applicable regulations or rulings promulgated or proposed thereunder, and any successor thereto.

“Colts” means the Indianapolis Colts, Inc., a Delaware Corporation, and its permitted successors and assigns under the provisions of the Colts Lease and the Development Agreement.

“Colts Lease” means the Lease Agreement executed or to be executed by the Board and the Colts, the form of which is approved by the Building Authority, as the same may be amended or modified from time to time if the amendment or modification has been approved by the Building Authority.

“Commencement Date” for any Facility means the date on which a Completion Certificate for such Facility is accepted by a representative of the Building Authority.

“Completion Certificate” means a certificate (a) executed by a representative of the Building Authority certifying that the Construction of any Facility has been substantially completed and such Facility is available for use and occupancy by the OMB and (b) accepted by a representative of the OMB acknowledging that the Construction of the Facility has been substantially completed and the Facility is available for use and occupancy by the OMB.

“Completion Date” means the date of delivery by the Building Authority to the Trustee of the certificate required by the Loan Agreement evidencing the completion of the Project.

“Completion Obligations” means any Additional Bonds, Additional Convention Center Bonds, or Additional Obligations providing for the payment of any bonds the proceeds of which are used for the completion of a Project.

“Contribution Account” means the account by that name created by the Indenture.

“Convention Center Bonds” means the First Series of Convention Center Bonds and any Additional Convention Center Bonds.

“Convention Center Bond Trustee” means the entity acting as the trustee under the Convention Center Trust Indenture.

“Convention Center Lease” means the Lease Agreement relating to the Convention Center Project to be entered into between the Building Authority and the OMB, including any amendments or supplements thereto.

“Convention Center Loan Agreement” means the Loan Agreement (Convention Center Project), to be entered into between the Building Authority and the Finance Authority, with respect to the financing of the Convention Center Project, including any amendments or supplements thereto.

“Convention Center Notes” means the promissory notes of the Building Authority issued pursuant to the Convention Center Loan Agreement.

“Convention Center Project” means the design, acquisition, construction, installation and equipping of an expansion of the existing convention center operated by the Board, as to be further described and defined in the Convention Center Sublease.

“Convention Center Sublease” means the Sublease Agreement relating to the Convention Center Project entered into between the OMB and the Board, including any amendments or supplements thereto.

“Convention Center Trust Indenture” means the Trust Indenture relating to the Convention Center Bonds, to be entered into between the Finance Authority and the Convention Center Bond Trustee, including any amendments or supplements thereto.

“Costs of Issuance” means items of expense payable or reimbursable directly or indirectly by the Finance Authority and related to the authorization, sale and issuance of the Bonds, which items of expense will include, but not be limited to, printing costs, costs of reproducing documents, filing and recording fees, initial fees and charges of the Trustee, the Paying Agent, the Deposit Trustee, the Remarketing Agent, the Tender Agent, underwriter’s discounts, placement agent fees, legal fees and charges, professional consultants’ fees, costs of credit ratings, fees

and charges for execution, transportation and safekeeping of the Bonds, bond or reserve fund insurance premiums, Credit Enhancements or Liquidity Facility fees, and other costs, charges and fees in connection with the foregoing.

“Counsel” means an attorney duly admitted to practice law before the highest court of any state and approved by the Finance Authority.

“Credit Provider” means any bank, insurance company, pension fund or other financial institution which provides a Credit Enhancement or Alternate Credit Enhancement for the Bonds, and means, with respect to each subseries of the Prior Bonds, commencing on its Initial Mode Change Date, the Bank.

“Daily Mode” means the Mode during which the Bonds bear interest at the Daily Rate.

“Daily Rate” means the per annum interest rate on any Bond in the Daily Mode determined pursuant to the Indenture.

“Daily Rate Period” means the period during which a Bond in the Daily Mode will bear a Daily Rate, which will be from the Business Day upon which a Daily Rate is set to but not including the next succeeding.

“Debt Service” for any period means, as of any date of calculation and with respect to any Outstanding Series of Bonds, an amount equal to the sum of: (1) interest accruing during such period on the Bonds of such Series, except to the extent that such interest is to be paid from deposits in the Capitalized Interest Account of the General Fund from proceeds of the Bonds of such Series or a related Series; (2) that portion of each Principal Installment for such Series of Bonds of which would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the next preceding Principal Installment due date for such Series of Bonds (or, if (a) there will be no such preceding Principal Installment due date or (b) such preceding Principal Installment due date is more than one year prior to the due date of such Principal Installment, *then*, from a date one year preceding the due date of such Principal Installment or from the date of issuance of the Bonds of such Series, whichever date is later); (3) all amounts then owed at the beginning of such period and expected to be owed during such period by the Finance Authority to any Qualified Hedging Contract Provider or any provider of a Reimbursement Obligation pursuant to a Qualified Hedging Contract or a Reimbursement Obligation; less all amounts then owed at the beginning of such period and expected to be owed during such period by any Qualified Hedging Contract Provider or any provider of a Reimbursement Obligation to the Finance Authority; and (4) the amount then owed at the beginning of such period to the Finance Authority for unpaid Program Expenses consisting of any moneys the Finance Authority has previously remitted to the Trustee pursuant to the Second Supplemental Indenture from a source other than proceeds of the Bonds or which immediately prior to such remittance was not part of the Trust Estate. Such interest and Principal Installments for such Series of Bonds will be calculated on the assumption that: (1) no Bonds (except for Put Bonds actually tendered for payment and not purchased in lieu of redemption prior to the redemption date thereof) of such Series of Bonds Outstanding at the date of calculation will cease to be Outstanding, except by reason of the payment of each Principal Installment on the due date thereof; (2) the principal amount of Put Bonds tendered for payment and not purchased in lieu of redemption prior to the redemption date thereof will be deemed to accrue on the date required to be paid pursuant to such tender, except that if such Put Bonds are secured as to payment of principal upon tender prior to the stated maturity date thereof by a Liquidity Facility, such principal amount will be deemed to accrue on the stated maturity date thereof; (3) the Series 2005A Bonds in the Auction Rate Securities Mode or a Variable Rate Mode and the Series 2007A Bonds in the Auction Rate Securities Mode or a Variable Rate Mode, will bear interest at the Maximum Rate borne by all Bonds, other than Liquidity Provider Bonds; and (4) as of any date of calculation, any Additional Bonds (other than Liquidity Provider Bonds) in the Auction Rate Securities Mode or a Variable Rate Mode, will bear interest at the 30-year Revenue Bond Index, as published by *The Bond Buyer* not more than two weeks prior to the date of such calculation. If such index is no longer available, the Revenue Bond Index will be the index then most comparable to the Revenue Bond Index as chosen by the Trustee, in consultation with the Finance Authority. For purposes of this definition, Debt Service on other types of debt instruments not described by the Indenture will be calculated in the manner and during such period of time as is specified in the Supplemental Indenture therefor. With respect to each subseries of the Series 2005A Bonds, commencing on its Initial Mode Change Date, the debt instruments described within this definition of “Debt Service” include the Series 2005A Bonds, the Series 2005A Qualified Hedging Contract and the Standby Purchase Agreement. With respect to each subseries of the Series 2007A Bonds,

commencing on its Initial Mode Change Date, the debt instruments described within this definition of “Debt Service” include the Series 2007A Bonds, the Series 2005A Qualified Hedging Contract and the Standby Purchase Agreement.

With respect to the Convention Center Bonds, “Debt Service” has the same meaning as such term will be defined in the Convention Center Trust Indenture.

“Debt Service Reserve Account” means the account by that name created by the Indenture.

“Debt Service Reserve Fund” means the fund by that name created by the Indenture.

“Debt Service Reserve Fund Credit Facility” means, on and after the Final Initial Mode Change Date, any letter of credit, revolving credit agreement, surety bond, insurance policy or other agreement or instrument issued or provided by a Debt Service Reserve Fund Credit Provider, (1) which may be deposited in a reserve account in the Debt Service Reserve Fund in lieu of or in partial substitution for cash or investment securities to be on deposit therein, and (2) which will be payable (upon the giving of notice as required thereunder) on any due date on which moneys will be required to be withdrawn from such reserve account in which such Debt Service Reserve Fund Credit Facility is deposited and applied to the payment of the principal of or interest on any Bonds.

“Debt Service Reserve Fund Credit Provider” means, on and after the Final Initial Mode Change Date, the issuer of any Debt Service Reserve Fund Credit Facility and its successor in such capacity and their assigns. To qualify under the Indenture, the Debt Service Reserve Fund Credit Provider providing such Debt Service Reserve Fund Credit Facility will be acceptable to the Bank and will be either:

(a) an insurer whose municipal bond insurance policies insuring the payment, when due, of the principal of and interest on municipal bond issues results in such issues being rated in a rating category that is at least as high as the rating assigned to the Bonds by the Rating Agencies; or

(b) a bank or trust company which at the time of issuance of such Debt Service Reserve Fund Credit Facility has an outstanding, unsecured, uninsured and unguaranteed debt issue rated in a rating category that is at least as high as the ratings assigned to the Bonds by the Rating Agencies.

“Debt Service Reserve Fund Reimbursement Obligation” means any obligation to reimburse the Debt Service Reserve Fund Credit Provider for any payment made under a Debt Service Reserve Fund Credit Facility or any other obligation to repay any amounts (including, but not limited to, fees or additional interest) to the Debt Service Reserve Fund Credit Provider.

“Debt Service Reserve Requirement” means an amount equal to the maximum annual principal and interest requirements on the Bonds through February 1, 2025, assuming that the Bonds bear interest at a rate of 4.491% per annum, which at the time of issuance of the Series 2007A Bonds was an amount equal to \$36,046,028. In any event, the Debt Service Reserve Requirement will be equal to zero on and after the earlier of (1) the date on which the Stadium Project is available for use and occupancy pursuant to the Sublease or August 15, 2008, whichever is later, or (2) the date on which no obligations payable from the Debt Service Reserve Account remain outstanding or could be payable thereafter from the Debt Service Reserve Account. Notwithstanding the foregoing, in the event the Debt Service Reserve Requirement has not been reduced to zero as of August 15, 2008, pursuant to the preceding sentence, the Debt Service Reserve Requirement will not be less than \$36,028,671 on or after August 15, 2008.

“Default” means an event or condition, the occurrence of which, with the lapse of time or the giving of notice or both, would become an Event of Default under the Indenture.

“Delinquent Rental Account” means the Delinquent Rental Account created pursuant to the Revenue Deposit Agreement, including the Stadium Sublease Delinquent Rental Subaccount and the Convention Center Sublease Delinquent Rental Subaccount.

“Deposit Trustee” means The Bank of New York Trust Company, N.A. or its successors in trust as trustee under the Revenue Deposit Agreement.

“Development Agreement” means that certain agreement among the Building Authority, the Board and the Colts, dated September 21, 2005, effective as of September 1, 2005, which, among other things, describes the New Stadium and sets forth requirements relating to its design and construction.

“Eligible Account” means: (1) an account that is maintained with a federal or state-chartered depository institution or trust company that has a short-term debt rating of at least ‘A-2’ (or if no short-term rating has been issued for such entity, a long-term debt rating of ‘BBB+’); or (2) an account that is maintained with the corporate trust department of federal depository institution or state chartered depository institution, which, in either case, has corporate trust powers and is acting in its fiduciary capacity.

“Event of Default” means any of the events specified in the applicable document to be an Event of Default.

“Excess Revenues Account” means the Excess Revenues Account created pursuant to the Revenue Deposit Agreement.

“Excise Tax Revenues” means the proceeds derived by the Board from the levy and collection of the Excise Taxes.

“Excise Taxes” means, collectively, the Additional Admissions Tax, the Additional Marion County Food and Beverage Tax, the Regional County Food and Beverage Tax, the Additional Innkeeper’s Tax, the Additional Supplemental Auto Rental Excise Tax and any other local excise tax pledged by the Board under any future supplement to the Revenue Deposit Agreement.

“Existing Obligations” means, collectively, the following existing or future obligations of the Board under the Prior Revenue Deposit Agreement: (i) the Master Lease Agreement dated as of May 1, 1991, between the Marion County Convention and Recreational Facilities Authority (“MCCRFA”), as lessor, and the Board, as lessee, as amended to the date hereof, with a final stated lease rental payment date of June 1, 2027 (collectively, the “Senior Lease”); (ii) the Master Lease Agreement Number II dated as of December 1, 1997, between MCCRFA, as lessor, and the Board, as lessee, as amended to the date hereof, with a final stated lease rental payment date of June 1, 2027 (the “Subordinate Lease”); (iii) the Marion County, Indiana, Excise Taxes Revenue Subordinate Bonds, Series 1999 A, outstanding as of the date hereof in the principal amount of \$25,540,000, with a final maturity date of June 1, 2021; (iv) the Capital Improvement Board of Managers of Marion County Excise Taxes Revenue Subordinate Refunding Notes, Series 1999 A, outstanding as of the date hereof in the principal amount of \$9,250,000, with a final maturity date of June 1, 2008; (v) the Capital Improvement Board of Managers of Marion County, Junior Subordinate Notes, Series 1998 A and Series 2003 A (Taxable), currently outstanding as of the date hereof in the maximum principal amount of \$33,000,000, with a maturity date of December 31, 2007, together with any 2008 Note (as defined and described in each respective Agreement of the Board dated May 1, 1998 entered into with the holders of such notes) issued to refund such notes; and (vi) any amendments to the Subordinate Lease (including amending the obligations thereunder to pay rent) in connection with the issuance of obligations by MCCRFA in 2008, in the event that KeyBank National Association (“KeyBank”) exercises its option under the ISDA Master Agreement dated as of April 20, 2005, between MCCRFA and KeyBank.

“Expenses” means all reasonable expenses incurred by the OMB, the Building Authority and the Finance Authority in connection with the Stadium Project or the Convention Center Project, as applicable, including, without limitation, the fees and expenses of the applicable trustee, paying agent, registrar, tender agent, and remarketing agent, and, to the extent not included within the meaning of Debt Service, 100% of any amount owed by the Finance Authority to any Qualified Hedging Contract Provider or provider of a Reimbursement Obligation.

“Facilities” means the Real Estate, the New Stadium and any Additional Project.

“Fees and Charges” means fees and charges established by the Finance Authority from time to time pursuant to the Authorizing Statute which are payable by the Building Authority.

“Fees” means (i) the revenues received from the fees imposed under Indiana Code 5-1-17-13(b)(12), and (ii) any amount of fees for National Football League franchised football team license plates on deposit in the State Capital Projects Fund, which are designated by the Budget Director to be transferred from such Fund to the designee of the Board chosen by the Budget Director pursuant to Indiana Code 9-18-49-5(d).

“Final Initial Mode Change Date” means the final Initial Mode Change Date, which is scheduled to occur on April 3, 2008.

“Finance Authority” means the Indiana Finance Authority and its successors, a body corporate and politic, not a State agency, but an independent public instrumentality of the State exercising essential public functions, organized and existing pursuant to the Authorizing Statute.

“First Addendum to Lease” means the First Addendum to the Amended and Restated Lease, dated as of March 1, 2007, between the Building Authority and the OMB.

“First Series of Convention Center Bonds” means the first series of Convention Center Bonds to be issued by the Finance Authority pursuant to the Convention Center Trust Indenture to finance the Convention Center Project.

“First Supplemental Indenture” means the First Supplemental Trust Indenture, dated as of June 1, 2006, between the Finance Authority and the Trustee.

“First Supplemental Loan Agreement” means the First Supplemental Loan Agreement, dated as of March 1, 2007, between the Finance Authority and the Building Authority, pursuant to which the Building Authority issued its Series 2007A Building Authority Note to the Finance Authority.

“Fiscal Agent” means U.S. Bank Trust National Association, a national banking association organized under the laws of the United States of America, or any successor thereto.

“Fiscal Year” means the twelve-month period from July 1 through the following June 30.

“Fitch” means Fitch, Inc., and its successors and assigns, except that if such corporation will be dissolved or liquidated or will no longer perform the functions of a securities rating agency, then the term “Fitch” will be deemed to refer to any other nationally recognized securities rating agency selected by the Finance Authority after consultation with the Remarketing Agent or the Broker-Dealer, as the case may be.

“Fixed Rate” means the per annum interest rate on any Bond in the Fixed Rate Mode determined pursuant to the Indenture.

“Fixed Rate Bond” means a Bond in the Fixed Rate Mode.

“Fixed Rate Mode” means the Mode during which the Bonds bear interest at the Fixed Rate.

“Flexible Rate Bond” means a Bond in the Flexible Mode.

“Flexible Mode” means the Mode during which the Bonds bear interest at the Flexible Rate.

“Flexible Rate” means the per annum interest rate on a Bond in the Flexible Mode determined for such Bond pursuant to the Indenture. The Bonds in the Flexible Mode may bear interest at different Flexible Rates.

“Funds” means the funds created pursuant to the Indenture (other than the Rebate Fund).

“General Account” means the account by that name created by the Indenture.

“General Fund” means the General Fund established under the Indenture.

“Governmental Obligations” means: (1) direct non-callable obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, to which direct obligation or guarantee the full faith and credit of the United States of America has been pledged; (2) Refcorp interest strips; (3) CATS; (4) TIGRS; (5) STRPS; and (6) defeased municipal bonds rated AAA by S&P or Aaa by Moody’s. Notwithstanding the foregoing, for so long as the Standby Purchase Agreement remains in full force and effect and the Bank is not in default thereunder, Governmental Obligations, for the purposes set forth in the Original Indenture, may include other investments with the approval of the Bank.

“Ground Lease Capitalized Interest Subaccount” means the subaccount of that name created by the Second Supplemental Indenture

“Indenture” means the Prior Indenture, as amended and supplemented by the Third Supplemental Indenture, and all supplements and amendments thereto entered into pursuant to the Original Indenture, as amended by the Third Supplemental Indenture.

“Initial Mode Change Dates” has the meanings ascribed thereto in the Second Supplemental Indenture.

“Interest Payment Date,” means each date on which interest is to be paid and is: (1) with respect to the Bonds in the Flexible Mode, each Mandatory Purchase Date applicable thereto; (2) with respect to the Bonds in the Daily Mode or Weekly Mode, the first Business Day of each month; (3) with respect to the Bonds in a Long-Term Mode, the first day of the sixth calendar month following the month in which such Long-Term Mode takes effect, and the first day of each sixth calendar month thereafter or, upon the receipt by the Trustee of a Favorable Opinion of Bond Counsel, any other six-month interval chosen by the Finance Authority (beginning with the first such day which is at least three months after the Mode Change Date) and, with respect to a Term Rate Period, the final day of the current Interest Period if other than a regular six-month interval; (4) (without duplication as to any Interest Payment Date listed above) any Mode Change Date, other than a change between a Daily Mode and a Weekly Mode, and each Maturity Date; (5) with respect to any Liquidity Provider Bonds, the day set forth in the Reimbursement Agreement; and (6) with respect to the Series 2005A Bonds in the Auction Rate Securities Mode, Interest Payment Date will have the meaning set forth in Exhibit A attached to the Original Indenture, and with respect to the Series 2007A Bonds in the Auction Rate Securities Mode, Interest Payment Date will have the meaning set forth in Exhibit A attached to the Second Supplemental Indenture.

“Interest Period” means, for the Bonds in a particular Mode, the period of time that the Bonds bear interest at the rate (per annum) which becomes effective at the beginning of such period, and will include an Auction Rate Securities Rate Period, a Flexible Rate Period, a Daily Rate Period, a Weekly Rate Period, a Term Rate Period and a Fixed Rate Period.

“Investment Earnings” means earnings and profits (after consideration of any accrued interest paid and/or amortization of premium or discount on the investment) on the moneys in the Funds and Accounts established under the Indenture.

“Investment Securities” means any of the following:

(a) Direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America (“U.S. Government Securities”).

(b) Direct obligations* of the following federal agencies which are fully guaranteed by the full faith and credit of the United States of America:

(i) Export-Import Bank of the United States - Direct obligations and fully guaranteed certificates of beneficial interest;

(ii) Federal Housing Administration - debentures;

(iii) General Services Administration - participation certificates Government National Mortgage Association ("GNMAs") - guaranteed mortgage-backed securities and guaranteed participation certificates;

(iv) Small Business Administration - guaranteed participation certificates and guaranteed pool certificates;

(v) U.S. Department of Housing & Urban Development - local authority bonds; and

(vi) U.S. Maritime Administration - guaranteed Title XI financings Washington Metropolitan Area Transit Authority - guaranteed transit bonds.

(c) Direct obligations† of the following federal agencies which are not fully guaranteed by the faith and credit of the United States of America:

(i) Federal National Mortgage Association ("FNMA") - senior debt obligations rated Aaa by Moody's and AAA by S&P;

(ii) Federal Home Loan Mortgage Corporation ("FHLMCs") - participation certificates and senior debt obligations rated Aaa by Moody's and AAA by S&P;

(iii) Federal Home Loan Banks - consolidated debt obligations;

(iv) Student Loan Marketing Association - debt obligations; and

(v) Resolution Funding Corporation - debt obligations.

(d) Direct, general obligations of any state of the United States of America or any subdivision or agency thereof whose uninsured and unguaranteed general obligation debt is rated, at the time of purchase, A2 or better by Moody's and A or better by S&P, or any obligation fully and unconditionally guaranteed by any state,

* The following are explicitly excluded from the securities enumerated in clauses (b) and (c):

(i) All derivative obligations, including, without limitation, inverse floaters, residuals, interest-only, principal-only and range notes;

(ii) Obligations that have a possibility of returning a zero or negative yield if held to maturity;

(iii) Obligations that do not have a fixed par value or those whose terms do not promise a fixed dollar amount at maturity or call date; and

(iv) Collateralized Mortgage-Backed Obligations ("CMOs").

† The following are explicitly excluded from the securities enumerated in clauses (b) and (c):

(i) All derivative obligations, including, without limitation, inverse floaters, residuals, interest-only, principal-only and range notes;

(ii) Obligations that have a possibility of returning a zero or negative yield if held to maturity;

(iii) Obligations that do not have a fixed par value or those whose terms do not promise a fixed dollar amount at maturity or call date; and

(iv) Collateralized Mortgage-Backed Obligations ("CMOs").

subdivision or agency whose uninsured and unguaranteed general obligation debt is rated, at the time of purchase, A2 or better by Moody's and A or better by S&P.

(e) Commercial paper (having original maturities of not more than 270 days) rated, at the time of purchase, P-1 by Moody's and A-1 or better by S&P.

(f) Certificates of deposit, savings accounts, deposit accounts or money market deposits in amounts that are continuously and fully insured by the Federal Deposit Insurance Corporation ("FDIC"), including the Bank Insurance Fund and the Savings Association Insurance Fund.

(g) Certificates of deposit, deposit accounts, federal funds or bankers' acceptances (in each case having maturities of not more than 365 days following the date of purchase) of any domestic commercial bank or United States branch office of a foreign bank, provided that such bank's short-term certificates of deposit are rated P-1 by Moody's and A-1 or better by S&P (not considering holding company ratings).

(h) Investments in money-market funds rated AAAm or AAAm-G by S&P.

(i) State-sponsored investment pools rated AA- or better by S&P.

(j) Repurchase agreements that meet the following criteria:

(i) A master repurchase agreement or specific written repurchase agreement, substantially similar in form and substance to the Public Securities Association or Bond Market Association master repurchase agreement, governs the transaction;

(ii) Acceptable providers will consist of (i) registered broker/dealers subject to Securities Investors' Protection Corporation ("SIPC") jurisdiction or commercial banks insured by the FDIC, if such broker/dealer or bank has an uninsured, unsecured and unguaranteed rating of A3/P-1 or better by Moody's and A-/A-1 or better by S&P, or (ii) domestic structured investment companies rated Aaa by Moody's and AAA by S&P;

(iii) The repurchase agreement will limit acceptable securities to U.S. Government Securities and to the obligations of GNMA, FNMA or FHLMC described in clauses (b)(iv), (c)(1) and (c)(2) above. The fair market value of the securities in relation to the amount of the repurchase obligation, including principal and accrued interest, is equal to a collateral level of at least 104% for U.S. Government Securities and 105% for GNMA's, FNMA's or FHLMC's. The repurchase agreement will require (i) the Trustee or the Agent (as defined in clause (j)(iv) below) to value the collateral securities no less frequently than weekly, (ii) the delivery of additional securities if the fair market value of the securities is below the required level on any valuation date, and (iii) liquidation of the repurchase securities if any deficiency in the required percentage is not restored within two (2) business days of such valuation;

(iv) The repurchase securities will be delivered free and clear of any lien to the Trustee or to an independent third party acting solely as agent ("Agent") for the Trustee, and such Agent is (i) a Federal Reserve Bank or (ii) a bank which is a member of the FDIC and which has combined capital, surplus and undivided profits or, if appropriate, a net worth, of not less than \$50 million, and the Trustee will have received written confirmation from such third party that such third party holds such securities, free and clear of any lien, as agent for the Trustee;

(v) The repurchase agreement will require termination thereof if the counterparty's ratings are suspended, withdrawn or fall below A3 or P-1 from Moody's, or A- or A-1 from S&P. Within ten (10) days, the counterparty will repay the principal amount plus any accrued and unpaid interest on the investments;

(vi) A perfected first security interest in the repurchase securities will be created for the benefit of the Trustee, and the Finance Authority and the Trustee will receive an opinion of counsel as to the perfection of the security interest in such repurchase securities and any proceeds thereof;

(vii) The repurchase agreement will have a term of one year or less, or will be due on demand; and

(viii) The repurchase agreement will establish the following as events of default, the occurrence of any of which will require the immediate liquidation of the repurchase securities:

(A) insolvency of the broker/dealer or commercial bank serving as the counterparty under the repurchase agreement;

(B) failure by the counterparty to remedy any deficiency in the required collateral level or to satisfy the margin maintenance call under clause (j)(4) above; or

(C) failure by the counterparty to repurchase the repurchase securities on the specified date for repurchase.

(k) Investment agreements (also referred to as guaranteed investment contracts) that meet the following criteria:

(i) A master agreement or specific written investment agreement governs the transaction;

(ii) Acceptable providers of uncollateralized investment agreements will consist of (a) domestic FDIC-insured commercial banks, or U.S. branches of foreign banks, rated at least Aa2 by Moody's and AA by S&P; (b) domestic insurance companies rated Aaa by Moody's and AAA by S&P; and (c) domestic structured investment companies rated Aaa by Moody's and AAA by S&P;

(iii) Acceptable providers of collateralized investment agreements will consist of (a) registered broker/dealers subject to SIPC jurisdiction, if such broker/dealer has an uninsured, unsecured and unguaranteed rating of A1 or better by Moody's and A+ or better by S&P; (b) domestic FDIC-insured commercial banks, or U.S. branches of foreign banks, rated at least A1 by Moody's and A+ by S&P; (c) domestic insurance companies rated at least A1 by Moody's and A+ by S&P; and (d) domestic structured investment companies rated Aaa by Moody's and AAA by S&P. Required collateral levels will be as set forth in clause (k)(vi) below;

(iv) The investment agreement will provide that if the provider's ratings fall below Aa3 by Moody's or AA- by S&P, the provider will within 10 days either: (a) repay the principal amount plus any accrued and interest on the investment; or (b) deliver Permitted Collateral as provided below in clause (k)(vi);

(v) The investment agreement must provide for termination thereof if the provider's ratings are suspended, withdrawn or fall below A3 from Moody's or A- from S&P. Within 10 days, the provider will repay the principal amount plus any accrued interest on the agreement, without penalty to the Finance Authority;

(vi) The investment agreement will provide for the delivery of collateral described in clause (k)(vi)(A) or (B) below ("Permitted Collateral"), which will be maintained at the following collateralization levels at each valuation date:

(A) U.S. Government Securities at 104% of principal plus accrued interest; or

(B) Obligations of GNMA, FNMA or FHLMC (described in clauses (b)(iv), (c)(1) and (c)(2) above) at 105% of principal and accrued interest;

(vii) The investment agreement will require the Trustee or Agent to determine the market value of the Permitted Collateral not less than weekly and notify the investment agreement provider on the valuation day of any deficiency. Permitted Collateral may be released by the Trustee to the provider only to the extent that there are excess amounts over the required levels. Market value, with respect to collateral, may be determined by any of the following methods:

(A) the last quoted "bid" price as shown in Bloomberg, Interactive Data Systems, Inc., The Wall Street Journal or Reuters;

(B) valuation as performed by a nationally recognized pricing service, whereby the valuation method is based on a composite average of various bid prices; or

(C) the lower of two bid prices by nationally recognized dealers. Such dealers or their parent holding companies will be rated investment grade and will be market makers in the securities being valued;

(viii) Securities held as Permitted Collateral will be free and clear of all liens and claims of third parties, held in a separate custodial account and registered in the name of the Trustee or the Agent;

(ix) The provider will grant the Trustee or the Agent a perfected first security interest in any collateral delivered under an investment agreement. For investment agreements collateralized initially and in connection with the delivery of Permitted Collateral under clause (k)(vi) above, the Trustee will receive an opinion of counsel as to the perfection of the security interest in the collateral;

(x) The investment agreement will provide that moneys invested under the agreement must be payable and putable at par to the Trustee without condition, breakage fee or other penalty, upon not more than 2 business days' notice, or immediately on demand for any reason for which the funds invested may be withdrawn from the applicable fund or account established under the authorizing document, as well as the following:

(A) In the event of a deficiency in the General Account;

(B) Upon acceleration after an Event of Default;

(C) Upon refunding of the Bonds in whole or in part;

(D) Reduction of the Debt Service Reserve Requirement for the Bonds; or

(E) If a determination is later made by a nationally recognized bond counsel that investments must be yield-restricted.

Notwithstanding the foregoing, the agreement may provide for a breakage fee or other penalty that is payable in arrears and not as a condition of a draw by the Trustee if the Finance Authority's obligation to pay such fee or penalty is subordinate to its obligation to pay debt service on the Bonds and to make deposits to the Debt Service Reserve Fund;

(xi) The investment agreement will establish the following as events of default, the occurrence of any of which will require the immediate liquidation of the investment securities:

(A) Failure of the provider or the guarantor (if any) to make a payment when due or to deliver Permitted Collateral of the character, at the times or in the amounts described above;

(B) Insolvency of the provider or the guarantor (if any) under the investment agreement;

(C) Failure by the provider to remedy any deficiency with respect to required Permitted Collateral;

(D) Failure by the provider to make a payment or observe any covenant under the agreement;

(E) The guaranty (if any) is terminated, repudiated or challenged; or

(F) Any representation of warranty furnished to the Trustee or the Finance Authority in connection with the agreement is false or misleading; and

(xii) The investment agreement must incorporate the following general criteria:

(A) "Cure periods" for payment default will not exceed 2 business days;

(B) The agreement will provide that the provider will remain liable for any deficiency after application of the proceeds of the sale of any collateral, including costs and expenses incurred by the Trustee;

(C) Neither the agreement or guaranty agreement, if applicable, may be assigned (except to a provider that would otherwise be acceptable under these guidelines);

(D) If the investment agreement is for the Debt Service Reserve Account, reinvestments of funds will be required to bear interest at a rate at least equal to the original contract rate;

(E) The provider will be required to immediately notify the Trustee of any event of default or any suspension, withdrawal or downgrade of the provider's ratings;

(F) The agreement will be unconditional and will expressly disclaim any right of set-off or counterclaim; and

(I) Forward delivery agreements in which the securities delivered mature on or before each interest payment date (for the General Account or the Debt Service Reserve Account) or draw down date (for the Project Fund) that meet the following criteria:

(i) A specific written investment agreement governs the transaction;

(ii) Acceptable providers will be limited to (A) any registered broker/dealer subject to the Securities Investors' Protection Corporation jurisdiction, if such broker/dealer or bank has an uninsured, unsecured and unguaranteed obligation rated A3/P-1 or better by Moody's and A-/A-1 or better by S&P; (B) any commercial bank insured by the FDIC, if such bank has an uninsured, unsecured and unguaranteed obligation rated A3/P-1 or better by Moody's and A-/A-1 or better by S&P; and (iii) domestic structured investment companies rated Aaa by Moody's and AAA by S&P;

(iii) The forward delivery agreement will provide for termination or assignment (to a qualified provider under the Indenture) of the agreement if the provider's ratings are suspended, withdrawn or fall below A3 or P-1 from Moody's or A- or A-1 from S&P. Within 10 days, the provider will fulfill any obligations it may have with respect to shortfalls in market value. There will be no breakage fee payable to the provider in such event;

(iv) Permitted securities will include the investments listed in clauses (a), (b) and (c) above;
and

(v) The forward delivery agreement will include the following provisions:

(A) The permitted securities must mature at least one (1) business day before a debt service payment date or scheduled draw. The maturity amount of the permitted securities must equal or exceed the amount required to be in the applicable fund on the applicable valuation date;

(B) The agreement will include market standard termination provisions, including the right to terminate for the provider's failure to deliver qualifying securities or otherwise to perform under the agreement. There will be no breakage fee or penalty payable to the provider in such event;

(C) Any breakage fees will be payable only on debt service payment dates and will be subordinated to the payment of General Account and Debt Service Reserve Account replenishments;

(D) The provider must submit at closing a bankruptcy opinion to the effect that upon any bankruptcy, insolvency or receivership of the provider, the securities will not be considered to be a part of the provider's estate; and

(E) The agreement may not be assigned (except to a provider that would otherwise be acceptable under these guidelines).

(m) Forward delivery agreements in which the securities delivered mature after the funds may be required but provide for the right of the Finance Authority or the Trustee to put the securities back to the provider under a put, guaranty or other hedging arrangement.

(n) Maturity of investments will be governed by the following:

(i) Investments of monies (other than the Debt Service Reserve Account) will be in securities and obligations maturing not later than the dates on which such monies will be needed to make payments;

(ii) Investments will be considered as maturing on the first date on which they are redeemable without penalty at the option of the holder or the date on which the Trustee may require their repurchase pursuant to repurchase agreements; and

(iii) Investments of monies in the Debt Service Reserve Account not payable upon demand will be restricted to maturities of five years or less.

“Junior Obligations” means any lease, bond, note or other indebtedness of the Board, to which the Board, pursuant to a supplement to the Revenue Deposit Agreement, pledges the funds pledged under the Revenue Deposit Agreement to the repayment of such lease, bond, note or other indebtedness, which pledge, however, is subordinate and junior to the pledge of such funds to the repayment of the Obligations.

“Lease” means the Original Lease, as amended and supplemented by the First Addendum to Lease, and all amendments and supplements thereto.

“Lease Rental Payment Account” means the Lease Rental Payment Account created pursuant to the Revenue Deposit Agreement, including the Stadium Sublease Lease Rental Payment Subaccount and the Convention Center Sublease Lease Rental Payment Subaccount.

“Lease Year” means the twelve month period beginning on July 1 of any year and ending on the following June 30.

“Liquidity Facility” means any letter of credit, line of credit, standby purchase agreement or other instrument then in effect which provides for the payment of the purchase price of Bonds upon the tender thereof in the event remarketing proceeds are insufficient therefor, and means, with respect to each subseries of the Prior Bonds, commencing on its respective Initial Mode Change Date, the Standby Purchase Agreement.

“Liquidity Provider” means any bank, insurance company, pension fund or other financial institution which provides a Liquidity Facility or Alternate Liquidity Facility for the Bonds, and means, with respect to each subseries of the Prior Bonds, commencing on its respective Initial Mode Change Date, the Bank.

“Liquidity Provider Bonds” means any Bonds purchased by the Liquidity Provider with funds drawn on or advanced under the Liquidity Facility.

“Loan” means the loan by the Finance Authority to the Building Authority of the proceeds of the sale of the Series 2005A Bonds and the Series 2007A Bonds, and any loan by the Finance Authority to the Building Authority of proceeds of any Additional Bonds.

“Loan Agreement” means the Original Loan Agreement, as amended and supplemented by the First Supplemental Loan Agreement, and all amendments and supplements thereto.

“Loan Payments” means the amounts required to be paid by the Building Authority in repayment of the Loan pursuant to the Loan Agreement.

“Long-Term Mode” means a Term Rate Mode or a Fixed Rate Mode.

“Maximum Rate” means, with respect to all Bonds, other than Liquidity Provider Bonds, a rate of interest of 15% per annum, and with respect to Liquidity Provider Bonds, the rate specified in the Liquidity Facility, and in no event will such rates exceed the highest rate allowed by law.

“Mode” means, as the context may require, the Auction Rate Securities Mode, the Flexible Mode, the Daily Mode, the Weekly Mode, the Term Rate Mode or the Fixed Rate Mode.

“Moody’s” means Moody’s Investors Service, a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation will be dissolved or liquidated or will no longer perform the functions of a securities rating agency, then the term “Moody’s” will be deemed to refer to any other nationally recognized securities rating agency selected by the Finance Authority after consultation with the Remarketing Agent or the Broker-Dealer, as the case may be.

“New Stadium” means the new stadium facility for amateur and professional sporting and other convention and entertainment events and all of the parking facilities constructed in connection therewith, all of which will be constructed on the Real Estate and in accordance with the Development Agreement.

“Note” or “Notes” means the Series 2005A Building Authority Note, the Series 2007A Building Authority Note, the Additional Building Authority Notes and any Notes issued in exchange therefor pursuant to the Loan Agreement.

“Obligations” means the Sublease and any Additional Obligations.

“OMB” means the Indiana Office of Management and Budget, duly created and existing pursuant to Indiana Code 4-3-22 or if said agency will be abolished the board, body, commission or agency succeeding to the principal functions thereof.

“Opinion of Bond Counsel” means an Opinion of Counsel by a nationally recognized firm experienced in matters relating to the tax exemption for interest payable on obligations of states and their instrumentalities and political subdivisions under federal law and which is acceptable to the Finance Authority and the Trustee.

“Opinion of Counsel” means a written legal opinion from a firm of attorneys experienced in the matters to be covered in the opinion.

“Original Indenture” means the Trust Indenture, dated as of October 1, 2005, between the Finance Authority and the Trustee.

“Original Lease” means the Amended and Restated Lease, dated as of September 1, 2005, between the Building Authority and the OMB.

“Original Loan Agreement” means the Loan Agreement, dated as of October 1, 2005, between the Finance Authority and the Building Authority, pursuant to which the Building Authority issued its Series 2005A Building Authority Note to the Finance Authority.

“Outstanding” or “Bonds Outstanding” means all Bonds which have been authenticated and delivered by the Trustee under the Indenture, including Bonds held by the Finance Authority, except:

- (i) Bonds canceled after purchase in the open market or because of payment at or redemption prior to maturity;
- (ii) Bonds deemed paid under the Indenture; and
- (iii) Bonds in lieu of which other Bonds have been authenticated under the Indenture.

“Owner” means the registered owner of a Bond, including the Securities Depository, if any, or its nominee.

“Parity Hedging Contract Obligation” will have the meaning given to such term in the Indenture.

“Parity Reimbursement Obligation” will have the meaning given such term in the Indenture.

“Paying Agent” means the commercial bank, trust company or other entity which may from time to time be appointed to serve as Paying Agent as provided in the Indenture. Until such time as an alternate Paying Agent is appointed, the Paying Agent will be the Trustee.

“Person” means an individual, a corporation, a partnership, an association, a joint venture, a trust, an unincorporated organization or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

“Pledged Property” means the property described in the granting clauses of the Loan Agreement pledged by the Building Authority to the payment of the Notes and amounts due under the Loan Agreement. See “THE LOAN AGREEMENT – Pledged Property”.

“Principal Installment” means, as of any date of calculation and with respect to any Series of Bonds, so long as any Bonds of such Series are Outstanding, (i) the principal amount of Bonds of such Series, including the principal amount of any Put Bonds tendered for payment and purchased in lieu of redemption prior to the redemption date thereof, due (or so tendered for payment and not purchased in lieu of redemption) on a certain future date for which no mandatory sinking fund requirements have been established, or (ii) the unsatisfied balance (determined as provided in the Indenture) of any mandatory sinking fund requirements due on a certain future date for Bonds of such Series, or (iii) if such future dates coincide as to different Bonds of such Series, the sum of such principal of Bonds of such Series and of such unsatisfied balance of mandatory sinking fund requirements due on such future date.

“Principal Payment Date” means any date upon which the principal amount of Bonds is due under the Indenture, including any maturity date of the Bonds, any Redemption Date or the date the maturity of any Bond is accelerated pursuant to the terms of the Indenture or otherwise.

“Prior Bonds” means the Series 2005A Bonds and the Series 2007A Bonds.

“Prior Indenture” means the Original Indenture, as amended and supplemented by the First Supplemental Indenture and the Second Supplemental Indenture.

“Prior Revenue Deposit Agreement” means the Second Amended and Restated Capital Improvement Bond Fund Revenue Deposit Agreement, dated as of September 1, 2005, between the Board and J.P. Morgan Trust Company, National Association (successor in interest to NBD Bank, N.A.), as deposit trustee, as amended and supplemented from time to time in accordance with the terms thereof.

“Prior Revenues” means the “Revenues” as such term is defined in the Prior Revenue Deposit Agreement.

“Proceeds Account” means the account by that name created by the Indenture.

“Program” means the program for purchasing Building Authority Notes by the Finance Authority pursuant to the Authorizing Statute and the Loan Agreement for the purpose of providing loans to the Building Authority, which will be used, together with other available funds, to pay the costs of the Stadium Project.

“Program Expenses” means all of the fees and expenses of the Trustee, the Finance Authority and the Building Authority, moneys remitted by the Finance Authority to the Trustee pursuant to the Second Supplemental Indenture from a source other than proceeds of the Bonds or which immediately prior to such remittance was not part of the Trust Estate, costs of determining the amount rebatable, if any, to the United States of America under the Original Indenture and all fees and expenses owing to the Bank by the Finance Authority in connection with the Bonds pursuant to the Standby Purchase Agreement or otherwise, other than any amount owing to reimburse the Bank for amounts used to pay the Purchase Price or accrued interest on any Liquidity Provider Bond pursuant to the Standby Purchase Agreement, all to the extent properly allocable to the Program.

“Project” means the Stadium Project, the Convention Center Project, and any addition or improvement to the Facilities financed pursuant to an Additional Obligation.

“Project Fund” means the Project Fund established under the Indenture.

“Public Finance Director” means the public finance director of the State appointed by the Governor of the State pursuant to Indiana Code 4-4-11-9, or if said public finance director will be abolished the person, board, body, commission, or agency succeeding to the principal functions thereof.

“Purchase Account” means the account by that name created by the Indenture.

“Purchase Fund” means the fund by that name created by the Indenture.

“Put Bonds” means Bonds which by their terms may be tendered by, and at the option of, the Owners, for payment by the Finance Authority prior to their stated maturity.

“Qualified Hedging Contract” means, to the extent from time to time permitted by law, any financial arrangement (i) which is entered into by the Finance Authority with an entity that is a Qualified Hedging Contract Provider at the time the arrangement is entered into, (ii) which is a cap, floor or collar; an interest rate swap, including a forward rate or future rate swap; asset, index, price or market linked transaction or agreement; other exchange or rate protection transaction agreement; other similar transaction (however designated); or any combination thereof; or any option with respect thereto, executed by the Finance Authority for the purpose of moderating interest rate fluctuations or otherwise, and (iii) which has been designated in writing by an Authorized

Officer of the Finance Authority as a Qualified Hedging Contract (which writing will specify, in the case of a Qualified Hedging Contract that is entered into in connection with any Bonds, the Bonds with respect to which such Qualified Hedging Contract is entered into). The Series 2005A Qualified Hedging Contract is a Qualified Hedging Contract.

“Qualified Hedging Contract Provider” means an entity whose senior unsecured long-term debt obligations, financial program rating, counterparty rating or claims paying ability is rated, or whose payment obligations under a financial arrangement of the type referred in clause (ii) of the definition of Qualified Hedging Contract are guaranteed or insured by an entity whose senior unsecured long-term obligations, financial program rating, counterparty rating or claims paying ability is rated, on the date a Qualified Hedging Contract is entered into, at least as high as the third highest Rating Category of each Rating Agency, but in no event lower than any Rating Category designated by each such Rating Agency for the Bonds in the absence of any Credit Enhancement. Each 2005 A Qualified Hedging Contract Provider is a Qualified Hedging Contract Provider.

“Rate Determination Date” means any date on which the interest rate on Bonds will be determined, which, (i) in the case of the Flexible Mode, will be the first day of an Interest Period; (ii) in the case of the Daily Mode, will be each Business Day commencing with the first day (which must be a Business Day) the Bonds become subject to the Daily Mode; (iii) in the case of the initial conversion to the Weekly Mode, will be no later than the Business Day prior to the Mode Change Date, and, thereafter, will be each Tuesday or Wednesday, as set forth for each series of Bonds in a Supplemental Indenture or notices of any change in the Rate Determination Date given in the manner set forth in the Original Indenture with respect to the Series 2005 A Bonds or the Second Supplemental Indenture with respect to the Series 2007 A Bonds, or if Tuesday or Wednesday, respectively, is not a Business Day, then the Business Day next succeeding such Tuesday or Wednesday, respectively; (iv) in the case of the Term Rate Mode, will be a Business Day no earlier than fifteen (15) Business Days and no later than the Business Day next preceding the first day of an Interest Period, as determined by the Remarketing Agent; and (v) in the case of the Fixed Rate Mode, will be a date determined by the Remarketing Agent which will be at least one Business Day prior to the Mode Change Date. After the initial conversion to the Weekly Mode and while in the Weekly Mode, the Rate Determination Date for the Prior Bonds will be, until changed as described above, each Wednesday, or if Wednesday is not a Business Day, then the Business Day next succeeding such Wednesday.

“Rating Agencies” means any of Moody’s, S&P or Fitch, which is then providing a rating on the Bonds.

“Rating Category” means one of the generic rating categories of any Rating Agency without regard to any refinement or gradation of such rating by a numerical modifier or otherwise; provided, however, that for purposes of the Indenture any requirement that an obligation be rated in the highest short-term Rating Category will be deemed to be satisfied if such obligation is rated A-1 or better by S&P, VMIG 1 or better by Moody’s or F-1 or better by Fitch.

“Real Estate” means the real property described in the Sublease.

“Rebate Fund” means the Rebate Fund established under the Indenture.

“Record Date” means (i) with respect to Bonds in a Short-Term Mode, an Auction Rate Securities Mode, the last Business Day before an Interest Payment Date; and (ii) with respect to Bonds in a Long-Term Mode, the fifteenth 15th day (whether or not a Business Day) of the month next preceding each Interest Payment Date.

“Redemption Account” means the account by that name created by the Indenture.

“Redemption Date” means the date fixed for redemption of Bonds subject to redemption in any notice of redemption given in accordance with the terms of the Indenture.

“Redemption Price” means an amount equal to the principal of and premium, if any, and accrued interest, if any, on the Bonds to be paid on the Redemption Date.

“Refunding Bonds” means Bonds issued pursuant to the Original Indenture and any Supplemental Indenture.

“Regional County Food and Beverage Tax” means the portion of the food and beverage taxes authorized under Indiana Code 6-9-35, as amended, and any successor provisions, described in the first two sentences of Indiana Code 6-9-35-12(a) and deposited in the Stadium and Convention Special Fund pursuant to the Revenue Deposit Agreement.

“Reimbursement Agreement” means any reimbursement agreement, credit agreement, line of credit agreement, standby purchase agreement or other agreement, by and between the Credit Provider or Liquidity Provider, as applicable, and the Finance Authority, and means, with respect to each subseries of the Prior Bonds, commencing on its respective Initial Mode Change Date, the Standby Purchase Agreement.

“Reimbursement Obligations” means all Reimbursement Obligations issued or entered into pursuant to the Original Indenture, as amended by this Third Supplemental Indenture, including any Reimbursement Obligations hereafter delivered in lieu of or in substitution for then existing Reimbursement Obligations pursuant to the Indenture and any Supplemental Indenture authorizing such Reimbursement Obligations, and means, with respect to each subseries of the Prior Bonds, commencing on its respective Initial Mode Change Date, all obligations of the Finance Authority under the Standby Purchase Agreement.

“Remarketing Agent” means collectively or separately, as the context requires, Goldman Sachs & Co., J.P. Morgan Securities Inc. and Morgan Stanley & Co. Incorporated, or any other investment banking firm which may be substituted in any of their places as provided in the Indenture.

“Remarketing Agent Fee” means as appropriate and where the context requires, the fee for the services performed by each Remarketing Agent under each Remarketing Agreement.

“Remarketing Agreement” means collectively or separately, as the context requires, at any time, the Remarketing Agreements then in effect between the Finance Authority and each Remarketing Agent, as each may be amended or supplemented from time to time in accordance with its terms.

“Requirement” means, as to any particular fund, account or subaccount created under the Revenue Deposit Agreement, the amount required to be deposited and maintained in such fund, account or subaccount as directed by the Revenue Deposit Agreement.

“Reserve Account” means the Reserve Account created pursuant to the Revenue Deposit Agreement, including the Stadium Sublease Reserve Subaccount and the Convention Center Sublease Reserve Subaccount.

“Revenue Deposit Agreement” means the Amended and Restated Stadium and Convention Special Fund Revenue Deposit Agreement, dated as of September 1, 2005, as amended and supplemented by the First Amendment to Amended and Restated Stadium and Convention Special Fund Revenue Deposit Agreement, dated as of December 1, 2005, both by and among the Board, the Building Authority, the OMB, the Finance Authority, the Budget Director and the Deposit Trustee, and all amendments and supplements thereto.

“Revenues” means, in the Indenture, the Funds and Accounts and all income, revenues and profits of the Funds and Accounts referred to in the granting clauses of the Indenture, including, without limitation, all Building Authority Note Payments and any payments received pursuant to a Reimbursement Obligation (other than a Liquidity Facility) or a Qualified Hedging Contract, by the Trustee pursuant to the Sublease or by the Trustee from the Deposit Trustee pursuant to the Revenue Deposit Agreement or from the OMB pursuant to the Lease.

“Revenues” means, in the Revenue Deposit Agreement, revenues, funds or money received by the Board or its designee and pledged under the Revenue Deposit Agreement as of the date of execution of the Revenue Deposit Agreement or through a supplement or amendment to the Revenue Deposit Agreement, including the Excise Tax Revenues, the Fees and the Additional Marion County Professional Sports Development Area Revenues.

“S&P” means Standard & Poor’s Ratings Services, a division of McGraw-Hill, duly organized and existing under and by virtue of the laws of the State of New York, and its successors and assigns, except that if such corporation will be dissolved or liquidated or will no longer perform the functions of a securities rating agency, then the term “S&P” will be deemed to refer to any other nationally recognized securities rating agency selected by the Finance Authority after consultation with the Remarketing Agent or the Broker-Dealer, as the case may be.

“Second Supplemental Indenture” means the Second Supplemental Trust Indenture, dated as of March, 1, 2007, between the Finance Authority and the Trustee.

“Securities Depository” means The Depository Trust Company, and such other securities depository as the Finance Authority may designate in a certificate of the Finance Authority delivered to the Trustee.

“Senior Lease” means the Senior Lease as defined in subparagraph (i) of the definition of Existing Obligations.

“Series of Bonds” or “Bonds of a Series” or “Series” or words of similar meaning means any Series of Bonds authorized by the Indenture or by a Supplemental Indenture.

“Series 2005A Bond Capitalized Interest Subaccount” means the subaccount of that name created by the Second Supplemental Indenture.

“Series 2005A Bond Proceeds Subaccount” means the subaccount of that name created by the Second Supplemental Indenture.

“Series 2005A Bonds” means the Lease Appropriation Bonds (Stadium Project), Series 2005 A, issued by the Finance Authority under the Original Indenture and any Bonds issued in substitution or replacement therefor.

“Series 2005A Building Authority Note” means the Promissory Note, Series 2005 A, of the Building Authority, which will be issued and delivered by the Building Authority to the Finance Authority to evidence the loan of the proceeds of the Series 2005A Bonds, and any Note issued in exchange therefor.

“Series 2005A Qualified Hedging Contract” means, either collectively or individually, depending upon the context in which such term is used, the ISDA Master Agreement, each dated as of September 28, 2005, between the Finance Authority and each Series 2005A Qualified Hedging Contract Provider, which were entered into in connection with the Bonds.

“Series 2005A Qualified Hedging Contract Provider” means, either collectively or individually, depending upon the context in which such term is used, Bear Stearns Financial Products Inc., Goldman Sachs Capital Markets, L.P., and JPMorgan Chase Bank, N.A., or any of their successors.

“Series 2005A-1 Bonds” means, on and after its Initial Mode Change Date, the Series 2005A Bonds, designated as the “Series 2005 A-1 Variable Rate Demand Securities” and issued by the Finance Authority pursuant to the Original Indenture.

“Series 2005A-2 Bonds” means, on and after its Initial Mode Change Date, the Series 2005A Bonds, designated as the “Series 2005 A-2 Variable Rate Demand Securities” and issued by the Finance Authority pursuant to the Original Indenture.

“Series 2005A-3 Bonds” means, on and after its Initial Mode Change Date, the Series 2005A Bonds, designated as the “Series 2005 A-3 Variable Rate Demand Securities” and issued by the Finance Authority pursuant to the Original Indenture.

“Series 2005A-4 Bonds” means, on and after its Initial Mode Change Date, the Series 2005A Bonds, designated as the “Series 2005 A-4 Variable Rate Demand Securities” and issued by the Finance Authority pursuant to the Original Indenture.

“Series 2005A-5 Bonds” means, on and after its Initial Mode Change Date, the Series 2005A Bonds, designated as the “Series 2005 A-5 Variable Rate Demand Securities” and issued by the Finance Authority pursuant to the Original Indenture.

“Series 2005A/2007A Bonds” means the Series 2005A Bonds or the Series 2007A Bonds.

“Series 2007A Bond Proceeds Subaccount” means the subaccount of that name created by the Second Supplemental Indenture.

“Series 2007A Bonds” means the Lease Appropriation Bonds (Stadium Project), Series 2007 A, issued by the Finance Authority under the Indenture and any Bonds issued in substitution or replacement therefor.

“Series 2007A-1 Bonds” means, on and after its Initial Mode Change Date, the Series 2007A Bonds, designated as the “Series 2007 A-1 Variable Rate Demand Securities” and issued by the Finance Authority pursuant to the Prior Indenture.

“Series 2007A-2 Bonds” means, on and after its Initial Mode Change Date, the Series 2007A Bonds, designated as the “Series 2007 A-2 Variable Rate Demand Securities” and issued by the Finance Authority pursuant to the Prior Indenture.

“Series 2007A-3 Bonds” means, on and after its Initial Mode Change Date, the Series 2007A Bonds, designated as the “Series 2007 A-3 Variable Rate Demand Securities” and issued by the Finance Authority pursuant to the Prior Indenture.

“Series 2007A Bond 2005 Capitalized Interest Subaccount” means the subaccount of that name created by the Second Supplemental Indenture.

“Series 2007A Bond 2007 Capitalized Interest Subaccount” means the subaccount of that name created by the Second Supplemental Indenture.

“Series 2007A Building Authority Note” means the Promissory Note, Series 2007 A, of the Building Authority, which will be issued and delivered by the Building Authority to the Finance Authority to evidence the loan of the proceeds of the Series 2007A Bonds, and any Note issued in exchange therefor.

“Short-Term Mode” means the Daily Mode, the Weekly Mode or the Flexible Mode.

“Stadium and Convention Special Fund” means the fund by that name established under the Revenue Deposit Agreement.

“Stadium Project” means the design, acquisition, construction and equipping of the New Stadium.

“Standby Purchase Agreement” means the Standby Bond Purchase Agreement, dated as of March 1, 2008, among the Bank, the Trustee and the Finance Authority, and all supplements and amendments thereto and extensions thereof, and any Alternate Credit Enhancement or Alternate Liquidity Facility delivered in replacement thereof, as well as any Alternate Credit Enhancement or Alternate Liquidity Facility delivered in replacement of a prior Alternate Credit Enhancement or Alternate Liquidity Facility.

“State” means the State of Indiana.

“Sublease” means the Amended and Restated Sublease Agreement, between the OMB and the Board, dated as of September 1, 2005, and all supplements and amendments thereto.

“Subordinate Hedging Contract Obligation” will have the meaning given to such term in the Original Indenture.

“Subordinate Reimbursement Obligation” will have the meaning given to such term in the Original Indenture.

“Supplemental Convention Center Sublease” means any sublease supplemental to the Convention Center Sublease entered into in accordance with the Convention Center Sublease.

“Supplemental Indenture” means an indenture supplemental to or amendatory of the Indenture, executed by the Finance Authority and the Trustee in accordance with the Indenture.

“Supplemental Lease” means any Lease supplemental to or amendatory of the Lease entered into in accordance with the Lease.

“Supplemental Loan Agreement” means a loan agreement supplemental to or amendatory of the Loan Agreement.

“Supplemental Revenue Deposit Agreement” means a revenue deposit agreement supplemental to or amendatory of the Revenue Deposit Agreement.

“Supplemental Sublease” means any sublease supplemental to or amendatory of the Sublease entered into in accordance with the Sublease.

“Tax-Exempt Bonds” means the Series 2005A Bonds, the Series 2007A Bonds and any Additional Bonds hereafter issued the interest on which is excludable from gross income for federal income tax purposes.

“Tender Agent” means the commercial bank, trust company or other entity which may from time to time be appointed to serve as Tender Agent as provided in the Indenture. Until such time as an alternate Tender Agent is appointed, the Tender Agent will be the Trustee.

“Termination Reserve Account” means the account by that name created by the Indenture.

“Termination Reserve Requirement” means an amount, as of any date, then equal to the aggregate of all termination payments, and any interest thereon, owed to the Qualified Hedging Contract Providers. In any event, the Termination Reserve Requirement will be equal to zero on and after the earlier of (i) the date on which the Stadium Project is available for use and occupancy pursuant to the Sublease or August 15, 2008, whichever is later, or (ii) the date on which no obligations payable from the Termination Reserve Account remain outstanding or payable therefrom.

“Term Rate” means the per annum interest rate for the Bonds in the Term Rate Mode determined pursuant to the Indenture.

“Term Rate Mode” means the Mode during which the Bonds bear interest at the Term Rate.

“Third Supplemental Indenture” means the Third Supplemental Trust Indenture, dated as of March 1, 2008, between the Finance Authority and the Trustee.

“Trustee” means the trustee and/or co-trustee at the time serving as such under the Indenture, and initially means The Bank of New York Trust Company, N.A.

“Trust Estate” means the property, rights and amounts pledged and assigned to the Trustee pursuant to the granting clauses of the Indenture.

“Unassigned Finance Authority’s Rights” means the rights of the Finance Authority to receive Additional Payments and to give or withhold consent to the execution and delivery of supplements and amendments to the Loan Agreement.

“Variable Rate Mode” means the Short-Term Mode or the Term Rate Mode.

“Weekly Mode” means the Mode during which the Bonds bear interest at the Weekly Rate.

“Weekly Rate” means the per annum interest rate on the Bonds in the Weekly Mode determined pursuant to the Indenture.

THE INDENTURE

The following is a brief description of certain provisions of the Indenture and does not purport to comprehensively describe that document.

Granting Clauses

The Finance Authority, in order to secure the payment of the principal of and interest on the Series 2005A Bonds, the Series 2007A Bonds and all Additional Bonds issued on a parity therewith (collectively, the “Bonds”), will execute and deliver the Indenture, which provides for the Finance Authority to pledge and assign to the Trustee and its successors in trust the following:

(a) All cash, securities and Revenues now or hereafter held in the Funds and Accounts created or established under the Indenture (other than the Purchase Fund and the Contribution Account of the Project Fund and the Rebate Fund) and the investment earnings thereon and all proceeds thereof (except to the extent such earnings or proceeds are held in the Purchase Fund or the Contribution Account of the Project Fund or the Rebate Fund or any amounts which are transferred from such Funds and Accounts to the Rebate Fund from time to time in accordance with the Indenture).

(b) All rights, titles and interests of the Finance Authority in the Loan Agreement, except for the Unassigned Finance Authority’s Rights, all Building Authority Notes acquired and held by the Trustee pursuant to the Indenture, the Revenue Deposit Agreement, the Sublease and the Lease, all moneys obligated to be paid to the Trustee pursuant to such documents and the earnings thereon and all proceeds thereof.

(c) All funds, accounts and moneys hereinafter pledged to the Trustee as security by the Finance Authority to the extent of that pledge (collectively, the “Trust Estate”).

All Bonds issued under and secured by the Indenture are without privilege, priority or distinction as to the lien or otherwise of any of the Bonds over any of the other Bonds, except as otherwise expressly provided in the Indenture; provided, however, that until the Stadium Project is available for use and occupancy pursuant to the Sublease, the Trust Estate will consist only of (a) the proceeds of the Bonds deposited into the Capitalized Interest Account of the General Fund and the Proceeds Account of the Project Fund; (b) the ground lease rental payments received pursuant to the Sublease and deposited in the Capitalized Interest Account of the General Fund; and (c) the Series 2005A Debt Service Reserve Fund Credit Facility.

Structure of Indenture Funds

Creation of Funds. The Indenture creates the following five funds: (a) the Purchase Fund; (b) the General Fund; (c) the Project Fund; (d) the Debt Service Reserve Fund; and (e) the Rebate Fund. The Purchase Fund will

not be utilized until any of the Bonds are converted to a Variable Rate Mode and the Bonds are secured by a Liquidity Facility. None of the Bonds will be initially in the Variable Rate Mode. The Indenture creates in the General Fund, a "General Account," a "Redemption Account," a "Bond Issuance Expense Account," a "Purchase Account" and a "Capitalized Interest Account." The Indenture creates in the Project Fund, a "Proceeds Account" and a "Contribution Account." The Indenture creates in the Debt Service Reserve Fund, a "Debt Service Reserve Account" and a "Termination Reserve Account." The Indenture creates in the Capitalized Interest Account of the General Fund, a "Series 2005A Bond Capitalized Interest Subaccount," a "Ground Lease Capitalized Interest Subaccount," a "Series 2007A Bond 2005 Capitalized Interest Subaccount" and a "Series 2007A Bond 2007 Capitalized Interest Subaccount." The Indenture creates in the Proceeds Account of the Project Fund, a "Series 2005A Bond Proceeds Subaccount" and a "Series 2007A Bond Proceeds Subaccount."

Deposit of Revenues and Other Receipts. (a) Upon receipt of any Revenues or other receipts (except: (i) moneys held in the Purchase Fund; (ii) the proceeds of the Bonds (other than accrued interest thereon, if any); and (iii) those funds described in paragraphs (b) through (g) below), the Trustee will deposit such amounts into the General Account.

(b) Subject to the provisions in the Indenture relating to the application of appropriations made by the General Assembly of the State, the Trustee will deposit into the Debt Service Reserve Account, any appropriations to the Trustee or the Finance Authority from the General Assembly to replenish the Debt Service Reserve Account, and the Trustee will deposit into the Termination Reserve Account, any appropriations to the Trustee or the Finance Authority from the General Assembly to pay the aggregate of all termination payments, and any interest thereon, owed to the Qualified Hedging Contract Providers.

(c) Moneys received upon the sale or prepayment of the Building Authority Notes will be deposited in the Redemption Account and moneys received pursuant to the Revenue Deposit Agreement for deposit in the Redemption Account will be deposited therein.

(d) Moneys received on or before January 15, 2008, pursuant to the Sublease, the Lease or the Revenue Deposit Agreement for deposit in the Capitalized Interest Account (the "Ground Lease Rental Payments") will be deposited in the Ground Lease Capitalized Interest Subaccount.

(e) Insurance or condemnation proceeds received by the Trustee pursuant to the Sublease for the purpose of the reconstruction or replacement of a portion of the Stadium Project for deposit in the Project Fund will be deposited in a separate subaccount of the Proceeds Account of the Project Fund.

(f) Moneys received on or before the Stadium Project is complete and ready for use and occupancy pursuant to the Sublease for deposit in the Project Fund will be deposited in the Contribution Account of the Project Fund.

(g) Termination payments received pursuant to any Qualified Hedging Contract will be deposited in the Redemption Account of the General Fund.

Operation of the General Account. The Trustee will deposit in the General Account of the General Fund all moneys required to be deposited therein pursuant to the provisions of the Indenture. The Trustee will invest such funds in accordance with the Indenture and will make the following payments from the General Account on the specific dates and, if there are not sufficient funds to make all the payments required, in the following order of priority:

(a) On or before 10:00 a.m., in the city in which the Trustee is located, on each Interest Payment Date, such amount as will be necessary to pay on a parity basis: (i) the Principal Installments and interest coming due on the Bonds on such Interest Payment Date (including the principal of and interest on Liquidity Provider Bonds), together with any Differential Interest and Excess Interest (as such terms are defined in the Standby Purchase Agreement) owed to the Bank on Liquidity Provider Bonds pursuant to the Standby Purchase Agreement during the Commitment Period (as such term is defined in the Standby

Purchase Agreement) (but excluding the payment of Differential Interest and Excess Interest on the Liquidity Provider Bonds owed to the Bank pursuant to the Standby Purchase Agreement commencing after the Amortization Commencement Date (as such term is defined in the Standby Purchase Agreement)); provided, however (A) any accelerated payment of a Principal Installment on Liquidity Provider Bonds to the provider of the Liquidity Facility with respect to such Liquidity Provider Bonds as provided in the Standby Purchase Agreement (unless the principal of all Bonds has been accelerated pursuant to the Original Indenture and the Standby Purchase Agreement) and (B) any other obligations owed to the Bank pursuant to the Standby Purchase Agreement (other than the principal of and interest on Liquidity Provider Bonds, including the Differential Interest and Excess Interest owed to the Bank on Liquidity Provider Bonds pursuant to the Standby Purchase Agreement during the Commitment Period), will be subordinate to the payment of the principal of and interest on the Bonds described prior to the proviso in this clause (i); and (ii) any amounts owed by the Finance Authority to any Qualified Hedging Contract Provider or any provider of a Reimbursement Obligation pursuant to a Qualified Hedging Contract or a Reimbursement Obligation, but only to the extent that such Qualified Hedging Contract or Reimbursement Obligation constitutes a Parity Hedging Contract Obligation or a Parity Reimbursement Obligation, respectively, pursuant to the Indenture or any Supplemental Indenture, and, in particular, with respect to the Bonds; (x) the Series 2005 A Qualified Hedging Contract will constitute a Parity Hedging Contract Obligation to the extent of the hedge payments when due and any interest due on such payments in the event of a failure to make such payments when due thereunder; provided that any regularly scheduled hedge payments received by the Finance Authority pursuant to a Qualified Hedging Contract will be used solely to pay interest on the Bonds; and (y) the Standby Purchase Agreement will constitute a Parity Reimbursement Obligation to the extent of the payment of the principal of and interest on any Liquidity Provider Bonds held by the Bank, as described prior to the proviso in clause (i) above;

(b) As soon as funds become available, to the Debt Service Reserve Account and the Termination Reserve Account, each on a parity basis, sufficient amounts to assure that the Debt Service Reserve Requirement and the Termination Reserve Requirement are met from time to time; provided, however, that in the event the General Assembly makes an appropriation for either the Debt Service Reserve Account or the Termination Reserve Account, the moneys so appropriated will be deposited to such Account; provided further, however, that in the event the Revenues to be deposited in the Debt Service Reserve Fund consist of something other than an appropriation by the General Assembly, such Revenues will be deposited first in the Debt Service Reserve Account until the Debt Service Reserve Requirement is met and any remainder will then be deposited in the Termination Reserve Account;

(c) On or before 10:00 a.m., in the city in which the Trustee is located, on the Business Day next preceding each Interest Payment Date, such amount as will be necessary to pay on a parity basis any amounts owed by the Finance Authority to any Qualified Hedging Contract Provider or any provider of a Reimbursement Obligation pursuant to a Qualified Hedging Contract or a Reimbursement Obligation, but only to the extent that such Qualified Hedging Contract or Reimbursement Obligation constitutes a Subordinate Hedging Contract Obligation or a Subordinate Reimbursement Obligation, respectively, pursuant to the Indenture or any Supplemental Indenture;

(d) As necessary, to the Finance Authority, amounts to pay Program Expenses, and, to the extent not available in the Capitalized Interest Account, to the Remarketing Agent, the amounts necessary to pay the Remarketing Agent Fee when due, but only to the extent contemplated in the most recent Cash Flow Certificate;

(e) When requested by the Finance Authority, the amounts to be transferred to the Rebate Fund pursuant to the Indenture; and

(f) After making such deposits and disbursements, the Trustee will retain such remaining amounts in the General Account to be used from time to time for the purposes described in paragraphs (a) through (e) above. Upon final maturity of the Bonds, any money remaining in the General Account, which is not needed to pay any of the costs described in paragraphs (a) through (e) above in connection with the final maturity of the Bonds will be transferred within 30 days after such final maturity to the Building

Authority. No such moneys will be so transferred unless the Finance Authority provides the Trustee with a Cash Flow Certificate to the effect that after such transfer, Revenues expected to be received, together with moneys expected to be held in the Funds and Accounts, will at least equal Debt Service, together with Program Expenses, if any.

Operation of the Redemption Account. The Trustee will deposit in the Redemption Account all moneys received upon the sale or prepayment of the Building Authority Notes and all other moneys required to be deposited therein pursuant to the provisions of the Indenture, will invest such funds pursuant to the Indenture and will disburse the funds held in the Redemption Account as follows:

(a) On the fifteenth day of each month, to the General Account an amount equal to the principal which would have been payable during the following month if such Building Authority Notes had not been sold or prepaid;

(b) On each Interest Payment Date if moneys in the General Account are not sufficient to make the payments of principal and interest required to be made on such date, the Trustee will transfer to the General Account moneys in the Redemption Account not already committed under the Indenture to the redemption of Bonds for which notice of redemption has been given;

(c) After provision has been made for the payments as described under paragraphs (a) and (b) above, moneys in the Redemption Account may be (i) used to redeem Bonds of such maturity or maturities as directed by an Authorized Officer if such Bonds are then subject to redemption, (ii) transferred to the General Account or the Project Fund, (iii) used to purchase Bonds of such maturity or maturities as directed by an Authorized Officer at the most advantageous price obtainable with reasonable diligence, whether or not such Bonds will then be subject to redemption, (iv) used to make a termination payment under a Qualified Hedging Contract or pay any interest thereon in connection with any redemption of the Bonds or (v) used to make investments until the payment of Bonds at their maturity or maturities as directed by an Authorized Officer in accordance with the Indenture. Such price may not, however, exceed the Redemption Price which would be payable on the next ensuing date on which the Bonds so purchased are redeemable according to their terms, unless the Finance Authority provides the Trustee with a Cash Flow Certificate to the effect that the purchase at a price in excess of the Redemption Price will not result in Revenues, together with moneys expected to be held in the Funds and Accounts, being less than an amount equal to Debt Service, together with Program Expenses, if any. The Trustee will pay the interest accrued on the Bonds so purchased to the date of delivery thereof from the General Account and the balance of the purchase price from the Redemption Account. Prior to the purchase of any Bonds pursuant to the provisions described in this paragraph, the Trustee will also have sufficient funds to pay all termination payments that may be owed under a Qualified Hedging Contract on the purchase date in connection with such purchase and will apply those funds accordingly on such date. The Trustee will deliver any Bonds so purchased to the registrar for retirement within five (5) days from the date of delivery to the Trustee; and

(d) In the event the Trustee is unable to purchase Bonds in accordance with and under the provisions described in paragraph (c) above, then, subject to any restrictions on redemption set forth in the Indenture, the Trustee will call for redemption on the next ensuing redemption date such amount of Bonds of such maturity or maturities as directed by an Authorized Officer as, at the Redemption Price thereof, will exhaust the Redemption Account as nearly as may be possible. Such redemption will be made pursuant to the provisions of the Indenture. The Trustee will pay the interest accrued on the Bonds so redeemed to the date of redemption from the General Account and the Redemption Price from the Redemption Account.

Operation of the Bond Issuance Expense Account. The Trustee will deposit in the Bond Issuance Expense Account the moneys required to be deposited therein and will invest such funds pursuant to the Indenture and will disburse the funds held in the Bond Issuance Expense Account as follows:

(a) Upon receipt of invoices or requisitions certified by the State Public Finance Director, to pay the Costs of Issuance of the Bonds or to reimburse the Finance Authority for amounts previously advanced for such costs; and

(b) With respect to each Series of Bonds, any funds remaining in the Bond Issuance Expense Account constituting the proceeds of such Series of Bonds will be transferred to the General Account of the General Fund on the date six months after the date of issuance of such Series of Bonds and used to pay interest on such Series of Bonds.

Operation of the Purchase Account. The Trustee will deposit in the Purchase Account all moneys required to be deposited therein and will invest such funds pursuant to the Indenture and will disburse the funds held in the Purchase Account to purchase Building Authority Notes in accordance with the procedures established by the Finance Authority as set forth in the Indenture, upon the submission of requisitions of the Finance Authority signed by an Authorized Officer stating that all requirements with respect to such financing set forth in the Indenture and the Loan Agreement have been or will be complied with. After the purchase of a Building Authority Note, the entire amount of the proceeds of the Bonds allocable to such Building Authority Note will be transferred for deposit into the Proceeds Account of the Project Fund and applied in accordance with the Indenture. If less than the entirety of a Building Authority Note is purchased, upon certification by the Finance Authority that a Building Authority Note eligible for purchase with the proceeds of a Series of Bonds has been purchased, the amounts remaining in the Purchase Account may be transferred to the Redemption Account. Any amounts remaining in the Purchase Account three years after the date of delivery of a Series of Bonds will be transferred to the Redemption Account.

Operation of the Capitalized Interest Account. (a) The Trustee will deposit in the Capitalized Interest Account all moneys required to be deposited therein pursuant to the Indenture and will at all times invest such funds in an investment agreement as described and meeting the requirements set forth in the definition of "Investment Securities" in the Original Indenture, in money market funds meeting the requirements for such funds as set forth in the definition of "Investment Securities" in the Original Indenture or in Governmental Obligations.

(b) All moneys on deposit in the Capitalized Interest Account immediately prior to the execution and delivery of the Series 2007A Bonds consisting of proceeds of the Series 2005A Bonds and investment earnings attributable to the proceeds of the Series 2005A Bonds will be deposited in the Series 2005A Bond Capitalized Interest Subaccount. All moneys on deposit in the Capitalized Interest Account immediately prior to the execution and delivery of the Series 2007A Bonds consisting of ground lease rental payments under the Lease and received for deposit in the Capitalized Interest Account pursuant to the Original Indenture and all ground lease rental payments under the Lease and hereafter received for deposit in the Capitalized Interest Account pursuant to the Original Indenture and any investment earnings attributable to such moneys will be deposited in the Ground Lease Capitalized Interest Subaccount.

(c) Moneys in the Series 2005 A Bond Capitalized Interest Subaccount will, without further authorization or direction, be transferred by the Trustee from the Series 2005 A Bond Capitalized Interest Subaccount to the General Account in the amounts necessary on or before each Interest Payment Date to pay the interest due on the Series 2005 A Bonds on such Interest Payment Dates and the Remarketing Agent Fee when due. Upon depletion of moneys in the Series 2005 A Bond Capitalized Interest Subaccount, moneys in the Series 2007 A Bond 2005 Capitalized Interest Subaccount will, without further authorization or direction, be transferred by the Trustee from the Series 2007 A Bond 2005 Capitalized Interest Subaccount to the General Account in the amounts necessary on or before each Interest Payment Date through and including August 15, 2009, to pay the interest due on the Series 2005 A Bonds on such Interest Payment Dates and the Remarketing Agent Fee when due. Moneys in the Series 2007 A Bond 2007 Capitalized Interest Subaccount will, without further authorization or direction, be transferred by the Trustee from the Series 2007 A Bond 2007 Capitalized Interest Subaccount to the General Account in the amounts necessary on or before each Interest Payment Date through and including August 15, 2009, to pay the interest due on the Series 2007 A Bonds on such Interest Payment Dates and the Remarketing Agent Fee when due.

(d) Upon depletion of moneys in the Series 2007 A Bond 2005 Capitalized Interest Subaccount or the then current inability to withdraw moneys therefrom under the terms of the Investment Agreement (as defined in

Section 8.1 of the Second Supplemental Indenture), the moneys in the Ground Lease Capitalized Interest Subaccount will, without further authorization or direction, be transferred by the Trustee from the Ground Lease Capitalized Interest Subaccount to the General Account in the amounts necessary on or before each Interest Payment Date through and including August 15, 2009, to pay the interest due on the Series 2005 A Bonds on such Interest Payment Dates and the Remarketing Agent Fee when due. Upon depletion of moneys in the Series 2007 A Bond 2007 Capitalized Interest Subaccount or the then current inability to withdraw moneys therefrom under the terms of the Investment Agreement, moneys in the Ground Lease Capitalized Interest Subaccount will, without further authorization or direction, be transferred by the Trustee from the Ground Lease Capitalized Interest Subaccount to the General Account in the amounts necessary on or before each Interest Payment Date through and including August 15, 2009, to pay the interest due on the Series 2007 A Bonds on such Interest Payment Dates and the Remarketing Agent Fee when due.

(e) Upon depletion of moneys in the Series 2007A Bond 2005 Capitalized Interest Subaccount, moneys in the Ground Lease Capitalized Interest Subaccount will without further authorization or direction, be transferred by the Trustee from the Ground Lease Capitalized Interest Subaccount to the General Account in the amounts necessary on or before the fourth Business Day next preceding each Interest Payment Date through and including August 15, 2009, to pay the interest due on the Series 2005A Bonds on such Interest Payment Dates and the Remarketing Agent Fee when due. Upon depletion of moneys in the Series 2007A Bond 2007 Capitalized Interest Subaccount, moneys in the Ground Lease Capitalized Interest Subaccount will without further authorization or direction, be transferred by the Trustee from the Ground Lease Capitalized Interest Subaccount to the General Account in the amounts necessary on or before the fourth Business Day next preceding each Interest Payment Date through and including August 15, 2009, to pay the interest due on the Series 2007A Bonds on such Interest Payment Dates and Remarketing Agent Fee when due.

(f) Any moneys remaining in the Series 2007A 2007 Capitalized Interest Subaccount, representing the proceeds of the Series 2007A Bonds, after the transfer for the last Interest Payment Date on or before August 15, 2009 will have been made, will be transferred, at the written direction of an Authorized Officer to the Trustee, to either the Series 2007A Bond Proceeds Subaccount of the Project Fund to pay the costs of the Stadium Project or to the General Account of the General Fund to pay interest on the Series 2007A Bonds, in the amount or amounts set forth in such written direction. Any moneys remaining in the Ground Lease Capitalized Interest Subaccount, representing moneys received for deposit in the Capitalized Interest Account pursuant to the Indenture, after the transfer for the last Interest Payment Date on or before August 15, 2009, will have been made, will be transferred, at the written direction of an Authorized Officer to the Trustee, to a separate subaccount of the Proceeds Account of the Project Fund to pay the costs of the Stadium Project, to the General Account of the General Fund or to the Redemption Account in the amounts set forth in such written direction.

Operation of the Project Fund. (a) *Proceeds Account.* (i) Moneys held in the Proceeds Account of the Project Fund representing a portion of the proceeds of the sale of a Building Authority Note by the Building Authority to the Finance Authority pursuant to the Loan Agreement or representing insurance or condemnation proceeds received by the Trustee pursuant to the Sublease for the purpose of the reconstruction or replacement of a portion of the Stadium Project or otherwise received for deposit in the Proceeds Account pursuant to the Indenture, will be invested by the Trustee in an investment agreement as described and meeting the requirements set forth under the definition of "Investment Securities" in the Indenture and otherwise pursuant to the Indenture. Such moneys will be disbursed by the Trustee in accordance with the provisions of the Loan Agreement to pay the costs of the Stadium Project. The Trustee is authorized to make each disbursement required by the provisions of the Loan Agreement. If the unexpended proceeds of the sale of a prior Building Authority Note remain in the Proceeds Account into which proceeds of the sale of an Additional Building Authority Note are to be deposited upon the issuance of Additional Bonds, the Trustee will establish a separate subaccount within the Proceeds Account, for accounting purposes, for the deposit of the proceeds of the sale of such Additional Building Authority Note. All moneys on deposit in the Proceeds Account immediately prior to the execution and delivery of the Series 2007A Bonds will be deposited in the Series 2005A Bond Proceeds Subaccount, and such moneys and any investment proceeds thereon will be expended before the expenditure of any proceeds deposited in the Series 2007A Bond Proceeds Subaccount or any investment earnings thereon. Any moneys representing insurance or condemnation proceeds received by the Trustee pursuant to the Sublease for the purpose of the reconstruction or replacement of a

portion of the Stadium Project will be deposited in a separate subaccount of the Proceeds Account of the Project Fund.

(ii) On the Final Initial Mode Change Date moneys on deposit in the Series 2007A Bond Proceeds Subaccount of the Proceeds Account of the Project Fund will be transferred to the Debt Service Reserve Account in the amount necessary to equal the Debt Service Reserve Requirement as provided in subsection (b) of the section entitled "Operation of the Debt Service Reserve Account."

(iii) Pending disbursement pursuant to the Loan Agreement, the moneys and Investment Securities to the credit of the Proceeds Account of the Project Fund will constitute a part of the Trust Estate assigned to the Trustee as security for the payment of the Bonds pursuant to the granting clauses of the Indenture. Upon the occurrence and continuance of an Event of Default under the Indenture, because of which the principal amount of the Bonds has been declared to be due and payable immediately pursuant to the Indenture, any moneys remaining in the Proceeds Account will be promptly transferred by the Trustee to the General Account.

(b) *Contribution Account.* Moneys held in the Contribution Account of the Project Fund, representing the moneys received on or before the Stadium Project is complete and ready for use and occupancy pursuant to the Sublease for deposit in the Project Fund, will be invested by the Trustee pursuant to the Indenture and will be disbursed by the Trustee in accordance with the provisions of the Loan Agreement to pay the costs of the Stadium Project; provided, however, that the Trustee will disburse moneys from the Contribution Account only if there are then no moneys on deposit in the Proceeds Account of the Project Fund for such purpose or if there is then a current inability to withdraw moneys therefrom under the terms of the Investment Agreement (as defined in the Second Supplemental Indenture). Upon the date the Stadium Project is complete and ready for use and occupancy pursuant to the Sublease, the Trustee will transfer to the Redemption Account all moneys then on deposit in the Contribution Account, except those moneys necessary to provide for the payment of the remaining costs of the Stadium Project as then designated in writing to the Trustee by an Authorized Building Authority Representative. Moneys on deposit in the Contribution Account will not constitute part of the Trust Estate.

(c) *Bond Insurance Premium Account.* On the Final Initial Mode Change Date, all moneys then on deposit in the Bond Insurance Premium Account of the Project Fund, representing the moneys transferred thereto from the Capitalized Interest Account pursuant to the provisions described in the Indenture, will be invested by the Trustee pursuant to the Indenture and will be transferred to the Debt Service Reserve Account of the Debt Service Reserve Fund to equal the Debt Service Reserve Requirement as provided in subsection (b) of the section entitled "Operation of the Debt Service Reserve Account."

(d) The Trustee will cause to be kept and maintained adequate records pertaining to the Project Fund and all disbursements therefrom.

Operation of the Debt Service Reserve Account. (a) The Trustee will deposit in the Debt Service Reserve Account all moneys required to be deposited therein pursuant to the Indenture and monies appropriated by the General Assembly of the State for such purpose to cause the Debt Service Reserve Account to be equal to the Debt Service Reserve Requirement, together with such other moneys as directed by the Finance Authority, will invest such funds pursuant to the Indenture and will disburse the funds held in the Debt Service Reserve Account to the General Account on each Interest Payment Date if the moneys in the General Account are not sufficient to pay the principal of and interest on the Bonds and any Parity Hedging Contract Obligation owed to a Qualified Hedging Contract Provider, which are required to be paid on such date after taking into account available funds on deposit in the General Account after making all transfers required to be made thereto pursuant to the Indenture.

(b) On the Final Initial Mode Change Date: (a) all moneys then on deposit in the Bond Insurance Premium Account of the Project Fund will be transferred to the Debt Service Reserve Account of the Debt Service Reserve Fund; and (b) moneys on deposit in the Series 2007A Bond Proceeds Subaccount of the Proceeds Account of the Project Fund will be transferred to the Debt Service Reserve Account in the amount necessary, together with the transfer described in clause (a) above, to equal the Debt Service Reserve Requirement. Upon any date the Debt Service Reserve Requirement is reduced for any reason, any amount then on deposit in the Debt Service Reserve

Account in excess of the Debt Service Reserve Requirement due to such reduction will be transferred to the Series 2007A Bond Proceeds Subaccount.

(c) The Trustee will transfer the funds held in the Debt Service Reserve Account to the General Account for the timely payment of the principal of and interest on the Bonds and any Parity Hedging Contract Obligation owed to a Qualified Hedging Contract Provider, but only in the event that moneys in the General Fund are insufficient to pay such amount of principal and interest due on the Bonds and such Parity Hedging Contract Obligation after making all transfers required to be made thereto pursuant to the Indenture. The Trustee will draw first on cash or Investment Securities on deposit in the Debt Service Reserve Account and then on the Debt Service Reserve Fund Credit Facility or Facilities, if any, in accordance with the terms thereof.

(d) The Finance Authority may cause to be deposited into the Debt Service Reserve Account for the benefit of the holders of the Bonds a Debt Service Reserve Fund Credit Facility. If such deposit causes the Debt Service Reserve Account to be equal to the Debt Service Reserve Requirement, moneys in the Debt Service Reserve Account in excess of that needed for the Debt Service Reserve Account to be equal to the Debt Service Reserve Requirement will be moved in accordance with the provisions described in this subcaption, subject to the satisfaction of any Debt Service Reserve Fund Reimbursement Obligations from such excess as provided below. If a disbursement is made pursuant to a Debt Service Reserve Fund Credit Facility, the Finance Authority will be obligated (but solely from the appropriations, if any, made by the General Assembly or if otherwise available from the Trust Estate), within twelve months from the date on which such disbursement was made, to cure such deficiency, either (i) to reinstate the maximum limits of such Debt Service Reserve Fund Credit Facility or (ii) to deposit cash into the Debt Service Reserve Account, or a combination of such alternatives, so that the Debt Service Reserve Account is equal to the Debt Service Reserve Requirement.

(e) The Trustee will include in the total amount held in the Debt Service Reserve Account an amount equal to the maximum principal amount which could be drawn by the Trustee under any such Debt Service Reserve Fund Credit Facility on deposit with the Trustee. Amounts required to be deposited in the Debt Service Reserve Account will include any amount required to satisfy a Debt Service Reserve Fund Reimbursement Obligation for any Debt Service Reserve Fund Credit Facility. The Trustee is authorized to transfer amounts from the Debt Service Reserve Account to the Debt Service Reserve Fund Credit Provider to satisfy the Debt Service Reserve Fund Reimbursement Obligations to the Debt Service Reserve Fund Credit Provider.

(f) If the Debt Service Reserve Account is equal to the Debt Service Reserve Requirement, the Trustee will move the cash or Investment Securities in excess of that needed for the Debt Service Reserve Account to be equal to the Debt Service Reserve Requirement from the Debt Service Reserve Account to the General Account or the Redemption Account, as directed by the Finance Authority.

Operation of the Termination Reserve Account. The Trustee will deposit in the Termination Reserve Account all moneys required to be deposited therein pursuant to the Indenture and monies appropriated by the General Assembly of the State to cause the Termination Reserve Account to be equal to the Termination Reserve Requirement, together with such other moneys as directed by the Finance Authority, will invest such funds pursuant to the Indenture and will use the funds held in the Termination Reserve Account to pay the aggregate of all termination payments, and any interest thereon, owed to the Qualified Hedging Contract Providers, in an amount not to exceed the Termination Reserve Requirement.

Operation of the Rebate Fund. (a) The Trustee will establish and maintain, so long as any Bonds are outstanding and are subject to a requirement that arbitrage profits be rebated to the United States of America, a separate fund to be known as the "Rebate Fund." The Trustee will make information regarding the Bonds and investments under the Indenture available to the Finance Authority and will make deposits and disbursements from the Rebate Fund in accordance with instructions received from the Finance Authority. The Trustee will invest the Rebate Fund as directed by the Finance Authority pursuant to the Indenture and will deposit income from such investments immediately upon receipt thereof in the Rebate Fund.

(b) If a deposit to the Rebate Fund is required as a result of the computations made by the Finance Authority, the Trustee will upon receipt of direction from the Finance Authority accept such payment for the benefit

of the Finance Authority and make transfers of moneys from the General Account to the Rebate Fund to comply with such direction. If amounts in excess of that required to be rebated to the United States of America accumulate in the Rebate Fund, the Trustee will upon direction from the Finance Authority transfer such amount to the General Account. Records of the determinations required by the provisions described under this subcaption and the investment instructions must be retained by the Trustee until six years after the Bonds are no longer Outstanding.

(c) With respect to each Series of Bonds, not later than sixty (60) days after the date five years after the date of issuance of such Series of Bonds, and every five (5) years thereafter, the Finance Authority will pay to the United States of America the amount required to be paid to the United States of America as of such payment date. Not later than sixty (60) days after the final retirement of each Series of Bonds, the Finance Authority will pay to the United States of America the amount required to be paid to the United States of America as of such retirement date. The Trustee will disburse moneys in the Rebate Fund for such purpose upon the written request of the Finance Authority.

General Covenants of Finance Authority

Payment of Principal and Interest. In the Indenture, the Finance Authority covenants and agrees that it will promptly pay the principal of and interest on every Bond issued under the Indenture at the place, on the dates and in the manner provided therein and in the Bonds according to the Indenture and meaning thereof and that it will promptly pay any Parity Hedging Contract Obligation owed to a Qualified Hedging Contract Provider pursuant to the terms of the applicable Qualified Hedging Contract. However, the principal and interest and any Parity Hedging Contract Obligation are payable by the Finance Authority solely from the Trust Estate and any other funds or assets of the Finance Authority hereinafter pledged to the Trustee, the Tender Agent and the Qualified Hedging Contract Providers as security by the Finance Authority to the extent of that pledge.

Performance of Covenants. The Finance Authority further covenants and agrees that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in the Indenture, in any and every Bond executed, authenticated and delivered thereunder and in all of its proceedings pertaining thereto.

Instruments of Further Assurance. The Finance Authority covenants and agrees that it will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such indentures supplemental thereto and such further acts, instruments and transfers as the Trustee may reasonably require for the better assuring, transferring, pledging, assigning and confirming unto the Trustee all and singular the rights assigned by the Indenture and the amounts and other property pledged by the Indenture to the payment of the principal of and interest on the Bonds and the obligations owed by the Finance Authority to the Qualified Hedging Contract Providers pursuant to the Qualified Hedging Contracts.

Covenants Concerning Program. In order to provide for the payment of the principal of, premium, if any, and interest on the Bonds and Program Expenses, the Finance Authority will, from time to time, with all practical dispatch and in a sound and economical manner consistent in all respects with the Act, the provisions of the Indenture and sound banking practices and principles, (i) do all such acts and things as will be necessary to receive and collect the Revenues (including enforcement of the prompt collection of all arrears on Building Authority Note Payments), and (ii) diligently enforce, and take all steps, actions and proceedings reasonably necessary in the judgment of the Finance Authority to protect its rights with respect to the Loan Agreement and the Building Authority Notes and to enforce all terms, covenants and conditions of the Loan Agreement and the Building Authority Notes, including the collection, custody and prompt application of all payments required by the terms of the Loan Agreement and a Building Authority Note for the purposes for which they were made. Whenever necessary in order to provide for the payment of the Bonds, the Finance Authority will commence appropriate remedies with respect to the Loan Agreement or any Building Authority Note which is in default.

Possession and Inspection of the Loan Agreement and the Building Authority Notes. The Trustee covenants and agrees to retain or cause its agent to retain possession of the Loan Agreement and the Building Authority Notes and a copy of the transcript or documents related thereto and release them only in accordance with the provisions of the Indenture. The Finance Authority and the Trustee covenant and agree that all books and documents in their possession relating to the Loan Agreement and the Building Authority Notes will at all times be

open to inspection by such accountants, the Bank, so long as the Standby Purchase Agreement remains in full force and effect and the Bank is not then in default thereunder; or other agencies or persons as the Finance Authority or the Trustee may from time to time designate.

Accounts and Reports. The Finance Authority covenants and agrees to keep proper books of record and accounts (separate from all other records and accounts) in which complete and correct entries will be made of its transactions relating to the Program and the Funds and Accounts established by the Indenture. Such books, all other books and papers of the Finance Authority and such Funds and Accounts will at all reasonable times be subject to the inspection of the Trustee, the Bank, so long as the Standby Purchase Agreement remains in full force and effect, and the owners of an aggregate of not less than 5% in principal amount of the Bonds then Outstanding or their representatives duly authorized in writing. The Trustee covenants and agrees to provide to the Finance Authority and the Bank, so long as the Standby Purchase Agreement then remains in full force and effect with certain reports, statements, and other documents with respect to the Funds and Accounts. The reports, statements and other documents required to be furnished to or by the Trustee pursuant to any provision of the Indenture will be provided to the owners of an aggregate of not less than 5% in principal amount of the Bonds then Outstanding who file or have filed a written request therefor with the Trustee.

Finance Authority Covenants with Respect to the Loan Agreement and the Building Authority Notes. The Finance Authority covenants and agrees that it will enforce or authorize the enforcement of all remedies available to it under the Loan Agreement and as the owner of the Building Authority Notes, unless the Finance Authority provides the Trustee with a Cash Flow Certificate to the effect that if such remedies are not enforced, Revenues expected to be received in each Fiscal Year, together with moneys expected to be held in the Funds and Accounts, will at least equal Debt Service in each such Fiscal Year. However, decisions as to the enforcement of remedies will be within the sole discretion of the Trustee.

The Trustee may enforce, in its name or in the name of the Finance Authority, all rights for and on behalf of the holders of the Bonds, except for the Unassigned Finance Authority's Rights, and may enforce all covenants, agreements and obligations of the Building Authority under and pursuant to the Loan Agreement, regardless of whether the Finance Authority is in default in the pursuit or enforcement of those rights, covenants, agreements or obligations. The Finance Authority, however, will do all things and take all actions on its part necessary to comply with covenants, agreements, obligations, duties and responsibilities on its part to be observed or performed under the Loan Agreement, and will take all actions within its authority to keep the Loan Agreement in effect in accordance with the terms thereof.

Annual Budget. The Finance Authority will prepare an annual budget that allocates the expenses incurred by the Finance Authority in an equitable manner among the various financing programs administered by the Finance Authority, as required by the Act, not later than June 1 of each year, and file the same with the Trustee, upon the written request of the Trustee. Such budget will be open to inspection by any Bondholder.

Monitoring Investments. The Finance Authority covenants and agrees to regularly review the investments held by the Trustee in the Funds and Accounts for the purpose of assuring that the Revenues derived from such investments are sufficient, together with other anticipated Revenues, to provide for the payment of the debt service on Outstanding Bonds.

Cash Flow Certificates. At any time that the provisions of the Indenture require that a Cash Flow Certificate be prepared, such certificate will set forth:

- (i) the Revenues expected to be received on all Building Authority Notes purchased by the Finance Authority with the proceeds of the Bonds for the purpose of making loans to the Building Authority pursuant to the Loan Agreement or with Revenues expected to be available for the purpose of financing the purchase of Additional Building Authority Notes;
- (ii) all other Revenues, including the interest to be earned and other income to be derived from the investment of the Funds and Accounts and the rate or yields used in estimating such amounts;

(iii) all moneys expected to be in the Funds and Accounts (with respect to the Debt Service Reserve Account, only to the extent described in paragraph (iv) below);

(iv) the amount, if any, expected to be withdrawn from the Debt Service Reserve Account, but only if the amount on deposit in the Debt Service Reserve Account is expected to at least equal the Debt Service Reserve Requirement immediately after such withdrawal and such withdrawal is permitted by the Indenture;

(v) the Debt Service expected to be due during each Fiscal Year; and

(vi) the amount, if any, of Program Expenses expected to be paid from the Revenues.

In making any Cash Flow Certificate, the accountant, firm of accountants or other entity preparing the Cash Flow Certificate may contemplate the payment or redemption of Bonds for the payment or redemption of which amounts have been set aside in the Redemption Account. The issuance of Bonds, the making of transfers from one Fund to another and the deposit of amounts in any Fund from any other source may be contemplated in a Cash Flow Certificate only to the extent that such issuance, deposit or transfer has occurred prior to or will occur substantially simultaneously with the delivery of such Cash Flow Certificate. The accountant, firm of accountants or other entity preparing the Cash Flow Certificate will also supply supporting schedules appropriate to show the sources and application of Revenues, identifying particularly amounts to be transferred between Funds, amounts to be applied to the redemption or payment of Bonds, amounts to be paid or received pursuant to Qualified Hedging Contracts or Reimbursement Obligations and amounts to be used to provide for Costs of Issuance, the debt service reserve and capitalized interest, if any, for the respective Series of Bonds. Such amounts will be the amounts as of the last day of the month preceding the month in which the Cash Flow Certificate is delivered, but will be adjusted to give effect to scheduled payments of principal of and interest on Building Authority Notes, expected payments and receipts under Qualified Hedging Contracts and Reimbursement Obligations, expected payments or proceeds with respect to Investment Securities and expected expenditures of cash by the Finance Authority through the end of the then current month.

Covenants Concerning Preservation of Tax Exemption. To assure the continuing excludability of the interest on the Bonds from the gross income of the owners thereof for federal income tax purposes under Section 103 of the Code, the Finance Authority covenants and agrees as follows:

(i) It will not take any action or fail to take any action with respect to the Bonds, that would result in the loss of the excludability of interest on any of the Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code, nor will the Finance Authority act in any other manner which would adversely affect such excludability, and it will not make any investment or do any other act or thing during the period that the Bonds are Outstanding which would cause any of the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code, all as in effect on the date of delivery of the particular Series of Bonds.

(ii) These covenants are based solely on current law in effect and in existence on the date of delivery of each Series of Bonds.

(iii) It will not be an Event of Default under the Indenture if the interest on any of the Bonds is not excludable from gross income for federal income tax purposes or otherwise pursuant to any provision of the Code which is not currently in effect and in existence on the date of the issuance of such Bonds.

(iv) In making any determination regarding the covenants, the Finance Authority may rely on an Opinion of Bond Counsel.

(v) It will rebate any necessary amounts to the United States of America to the extent required by the Code.

Notwithstanding any provision of the Indenture to the contrary, the Finance Authority may elect to issue a Series of Bonds, the interest on which is not excludable from gross income for federal income tax purposes, so long as such election does not adversely affect the excludability of interest on any other Series of Bonds from gross income for federal income tax purposes, by making such election on the date of delivery of such Series of Bonds. In such case, the tax covenants in the Indenture will not apply to such Series of Bonds.

Finance Authority's Certification of Debt Service Reserve Fund Deficiency. The Finance Authority covenants that, if it is projected that the Debt Service Reserve Account will be less than the Debt Service Reserve Requirement during the next succeeding Fiscal Year, the Chairman of the Finance Authority will certify such projected deficiency or amount projected to be required to restore the Debt Service Reserve Account to the Debt Service Reserve Requirement, including any amounts owed or which may become due and owing to a provider of a Debt Service Reserve Fund Credit Facility, to the General Assembly of the State on or before August 1 of the Fiscal Year in which the deficiency is projected to occur.

The Finance Authority covenants and agrees that it will immediately take all action required or allowed under Indiana Code 4-4-11-15(a)(9), as amended from time to time, and the Indenture, to certify to the General Assembly of the State: (i) any deficiency in the Debt Service Reserve Account resulting from the amount on deposit therein or deemed to be on deposit therein being less than the Debt Service Reserve Requirement, or any amount necessary to restore the Debt Service Reserve Account to the Debt Service Reserve Requirement, including any amounts due and owing to a provider of a Debt Service Reserve Fund Credit Facility, regardless of whether such deficiency had been projected pursuant to the above paragraph; or (ii) the moral obligation of the State to pay the aggregate of all termination payments, and any interest thereon, owed to the Qualified Hedging Contract Providers in an amount not to exceed the Termination Reserve Requirement.

Covenant to Deposit Additional Moneys into the Capitalized Interest Account. The Finance Authority covenants and agrees that on August 1, 2008, it will determine or arrange to determine the Available Funds (as defined in the First Addendum to Lease) as of such date and the Costs (as defined in the First Addendum to Lease) expected to be incurred from such date through the end of the New Stadium Initial Term (as defined in the Original Lease). For purposes of such calculation: (a) in the event that any series of Series 2005A Bonds or Series 2007A Bonds is bearing interest on August 1, 2008, at a rate of 4.231% or less, it will be assumed that such series of Bonds will bear interest at a rate of 4.231% from August 1, 2008, through and including August 14, 2008; and (b) in the event that any series of Series 2005A Bonds or Series 2007A Bonds is bearing interest on August 1, 2008, at a rate in excess of 4.231%, it will be assumed that such series of Bonds will bear interest at the rate it is bearing on August 1, 2008, from such date through and including August 14, 2008. If the Costs expected to be incurred from August 1, 2008, through the end of the New Stadium Initial Term exceed the Available Funds as of August 1, 2008, the Finance Authority covenants and agrees that, notwithstanding the provision in the Original Indenture, which provides that the Bonds, together with the interest thereon, will be obligations of the Finance Authority payable solely from the Trust Estate, the Finance Authority will take the steps necessary to remit moneys to the Trustee for deposit in the Capitalized Interest Account in an amount at least equal to such excess on or before August 15, 2008. Upon making the determination as described in this paragraph, the Finance Authority will furnish to the Trustee a written notice setting forth the amount determined and how it was calculated.

Events of Default and Remedies

Defaults; Events of Default. If any of the following events occurs, it is hereby defined as and declared to be and to constitute an "Event of Default" under the Indenture:

- (i) default in the due and punctual payment of any interest on any Bond; or
- (ii) default in the due and punctual payment of the principal of any Bond whether at the stated maturity thereof or on any date fixed for redemption; or
- (iii) default in the due and punctual payment of any hedge payment owed to a Qualified Hedging Contract Provider; or

(iv) failure of the Finance Authority to remit to the Trustee within the time limits prescribed therein any moneys which are required by the Indenture to be so remitted; or

(v) default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Finance Authority contained in the Indenture or in the Bonds and failure to remedy the same within the time provided in, and after notice thereof pursuant to, the Indenture (See below “Notice of and Opportunity for the Finance Authority to Cure Certain Defaults”); or

(vi) any warranty, representation or other statement by or on behalf of the Finance Authority contained in the Indenture or in any instrument furnished in compliance with or in reference to the Indenture is false or misleading, when made, in any material respect, and failure to remedy the same within the time provided in, and after notice thereof pursuant to, the Indenture (See below “Notice of and Opportunity for the Finance Authority to Cure Certain Defaults”); or

(vii) the occurrence and continuation of an Event of Default as defined in the Loan Agreement; or

(viii) the occurrence and continuation of an Event of Default as defined in the Lease; provided, however, that if the Lease is no longer then in effect, the occurrence and continuation of an Event of Default as defined in the Sublease; or

(ix) the occurrence and continuation of an Event of Default (as defined in the Standby Purchase Agreement), including, without limitation, a failure to pay any commitment fees thereunder, but only for so long as the Standby Purchase Agreement remains in full force and effect and the Bank is not then in default thereunder; or

(x) a petition is filed against the Finance Authority under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction whether now or hereafter in effect and is not dismissed within 60 days after such filing; or

(xi) the Finance Authority files a voluntary petition in bankruptcy or seeking relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction whether now or hereafter in effect, or consents to the filing of any petition against it under such law; or

(xii) the Finance Authority is generally not paying its debts as such become due or becomes insolvent or bankrupt or makes an assignment for the benefit of creditors, or a liquidator or trustee of the Finance Authority or any of its property is appointed by court order or takes possession of such property and such order remains in effect or such possession continues for more than 60 days; or

(xiii) the Finance Authority fails to restore the Debt Service Reserve Account to the Debt Service Reserve Requirement or the Termination Reserve Account to the Termination Reserve Requirement within 60 days after the end of the Fiscal Year of the Finance Authority during which a deficiency in either Account occurs; or

(xiv) the Finance Authority for any reason will be rendered incapable of fulfilling its obligations under the Indenture.

Remedies; Rights of Bondholders. Upon the occurrence of an Event of Default, the Trustee must notify the Bank, so long as the Standby Purchase Agreement remains in full force and effect and the Bank is not in default thereunder, and the owners of all Bonds then Outstanding of such Event of Default by registered or certified mail, and will have the following rights and remedies:

(i) The Trustee may pursue any available remedy at law or in equity or by statute to enforce the payment of the principal of and interest on the Bonds then Outstanding, including enforcement of any rights of the Finance Authority or the Trustee under the Loan Agreement or any Building Authority Note.

(ii) The Trustee may by action at law or suit in equity require the Finance Authority to account as if it were the trustee of an express trust for the holders of the Bonds and may take such action with respect to the Loan Agreement or any Building Authority Note as the Trustee deems necessary or appropriate and in the best interest of the Bondholders, subject to the terms of the Loan Agreement or the Building Authority Notes.

(iii) Upon the filing of a suit or other commencement of judicial proceedings to enforce any rights of the Trustee and the Bondholders under the Indenture, the Trustee will be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate and of the Revenues, issues, earnings, income, products and profits thereof, pending such proceedings, with such powers as the court making such appointment will confer; provided, however, for so long as the Standby Purchase Agreement is in full force and effect and the Bank is not in default thereunder, in the event of any reorganization or liquidation plan with respect to the Finance Authority, the Bank will, with respect to each subseries of the Prior Bonds, commencing on its Mode Change Date, have the right to vote on behalf of the holders of such Prior Bonds.

(iv) The Trustee may declare the principal of and accrued interest on all Bonds to be due and payable immediately in accordance with the Indenture and the Act, by notice to the Finance Authority and the Attorney General of the State; provided, however, for so long as the Standby Purchase Agreement is in full force and effect and the Bank is not in default thereunder, the Trustee may, with the consent of the Bank, and will, at the direction of the Bank or the Owners of 25% or more in aggregate principal amount of all Bonds then Outstanding, with the consent of the Bank, by written notice to the Finance Authority, the Attorney General of the State and the Bank, declare the principal of the Bonds to be immediately due and payable, whereupon, that portion of the principal of the Bonds thereby coming due and the interest thereon accrued to the date of payment will, without further action, become and be immediately due and payable, anything in the Indenture or the Bonds to the contrary notwithstanding; provided, further, however, that upon the occurrence of an Event of Default (as defined in the Standby Purchase Agreement) under the Standby Purchase Agreement, all Obligations (as defined in the Standby Purchase Agreement) of the Finance Authority to the Administrative Agent (as defined in the Standby Purchase Agreement) and the Bank thereunder and under the Liquidity Provider Bonds held by the Bank shall immediately and automatically become due and payable, without demand, presentment, protest, notice of intent to accelerate, notice of acceleration or further notice of any kind, all of which are expressly waived.

If an Event of Default has occurred, upon the request of the holders of 25% or more in aggregate principal amount of all Bonds then Outstanding and if indemnified as provided in the Indenture, the Trustee must, except as otherwise described in the preceding and following paragraphs, be obligated to exercise such one or more of the above rights, remedies and powers as it, being advised by counsel, deems most expedient in the interests of the Bondholders.

If an Event of Default under the Loan Agreement occurs and is continuing, the Trustee in its discretion may, and upon the written request of holders of a majority in aggregate principal amount of the Bonds then Outstanding or of the Bank, for so long as the Standby Purchase Agreement is in full force and effect and the Bank is not in default thereunder, and if indemnified as provided in the Indenture, must enforce each and every right granted to it as assignee of the Loan Agreement. Upon any declaration of acceleration under the Indenture, the Trustee will immediately exercise such rights as it may have under the Loan Agreement and the Building Authority Notes to declare all Building Authority Note Payments immediately due and payable. As the assignee of all right, title and interest of the Finance Authority in and to the Loan Agreement (except for the Unassigned Finance Authority's Rights), the Trustee is empowered to enforce each remedy, right and power granted to the Finance Authority under the Loan Agreement.

No right or remedy by the terms of the Indenture conferred upon or reserved to the Trustee (or to the Bondholders) is intended to be exclusive of any other right or remedy, but each and every such right or remedy will

be cumulative and will be in addition to any other right or remedy given to the Trustee or to the Bondholders under the Indenture or now or hereafter existing at law or in equity or by statute. The assertion or employment of any right or remedy will not prevent the concurrent or subsequent assertion or employment of any other right or remedy. No delay or omission to exercise any right or remedy accruing upon any Event of Default will impair any such right or remedy or will be construed to be a waiver of any such Event of Default or acquiescence therein, and every such right or remedy may be exercised from time to time and as often as may be deemed expedient. No waiver of any Event of Default under the Indenture, whether by the Trustee or by the Bondholders, will extend to or will affect any subsequent Event of Default or will impair any rights or remedies consequent thereon.

Rights of Bondholders to Direct Proceedings. Anything in the Indenture to the contrary notwithstanding, but subject to the provisions described in the following subcaption, the owners of a majority in aggregate principal amount of Bonds then Outstanding will have the right, at any time during the continuance of an Event of Default, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or for the appointment of a receiver or any other proceedings under the Indenture. However, such direction will not be otherwise than in accordance with the provisions of law and the Indenture.

Rights of the Bank upon Default. Notwithstanding anything to the contrary set forth in the Indenture, for so long as the Standby Purchase Agreement remains in full force and effect and the Bank is not in default thereunder, the following provisions will apply:

(i) The Trustee will, to the extent there are no other available funds held under the Indenture, use the remaining funds in the Proceeds Account of the Project Fund to pay principal of or interest on the Bonds and regularly scheduled payments that may be owed by the Finance Authority to the Qualified Hedging Contract Providers, in the event of a payment default; provided, however, that this requirement to transfer the remaining funds in the Proceeds Account may be waived in the sole discretion of the Bank.

(ii) Any acceleration of the Bonds or any annulment thereof will be subject to the prior written consent of the Bank.

(iii) The Bank will receive immediate notice of any payment default and notice of any other Event of Default known to the Trustee within 30 days of the Trustee's knowledge thereof.

(iv) For all purposes of the provisions of the Indenture governing Events of Default and remedies, except the giving of notice of an Event of Default to Bondholders, the Bank will be deemed to be the sole holder of the Prior Bonds, for so long as it has not failed to comply with its funding obligations under the Standby Purchase Agreement.

(v) Any waiver by the Trustee of an Event of Default will be subject to the prior written consent of the Bank.

(vi) The Bank will be included as a party in interest and as a party entitled to (i) notify the Finance Authority, the Trustee, if any, or any applicable receiver of the occurrence of an Event of Default and (ii) request the Trustee or receiver to intervene in judicial proceedings that affect the Bonds or the security therefor. The Trustee or receiver will be required to accept notice of an Event of Default from the Bank.

Application of Moneys. All moneys received by the Trustee pursuant to any right or remedy given or action taken (including moneys received by virtue of action taken under the provisions of the Loan Agreement or any Building Authority Note) will, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee and any other moneys owed to the Trustee, and the creation of a reasonable reserve for anticipated fees, costs and expenses, be deposited in the General Account. All moneys in the General Account will be applied as follows:

- (i) Unless the principal of all the Bonds has become due and payable, all such moneys will be applied:

FIRST - - To the payment to the persons entitled thereto of all installments of interest then due on the Bonds and payments then due on any Parity Hedging Contract Obligations, including interest on any past due principal of any Bond at the rate borne by such Bond, in the order of the maturity of the installments of such interest. If the amount available is not sufficient to pay in full any particular installment, then to such payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege;

SECOND - - To the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which have become due either at maturity or pursuant to a call for redemption (other than Bonds called for redemption, for the payment of which other moneys are held pursuant to the provisions of the Indenture), in the order of their due dates. If the amount available will not be sufficient to pay in full the principal of Bonds due on any particular date, then to such payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege; and

THIRD - - To be held for the payment to the persons entitled thereto as the same will become due of the principal of and interest on the Bonds which may thereafter become due either at maturity or upon call for redemption prior to maturity. If the amount available is not sufficient to pay in full the principal of and interest on Bonds due on any particular date, such payment will be made ratably according to the amount of principal and interest due on such date to the persons entitled thereto without any discrimination or privilege.

- (ii) If the principal of all the Bonds has become due or has been declared due and payable, all such moneys will be applied to the payment of the principal and interest then due and unpaid upon the Bonds (including Liquidity Provider Bonds) or Parity Hedging Contract Obligations, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond (including Liquidity Provider Bonds) over any other Bond (including Liquidity Provider Bonds), or of any Bonds (including Liquidity Provider Bonds) over Parity Hedging Contract Obligations or of Parity Hedging Contract Obligations over Bonds (including Liquidity Provider Bonds), ratably, according to the amounts due respectively for principal, interest and parity Hedging Contract Obligations, to the persons entitled thereto without any discrimination or privilege.

Such moneys will be applied at such times, and from time to time, as the Trustee determines, having due regard for the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee applies such funds, it will fix the date (which must be an Interest Payment Date unless the Trustee deems another date more suitable), upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates will cease to accrue. The Trustee will give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date and will not be required to make payment of principal to the owner of any Bond until such Bond is presented to the Trustee for appropriate endorsement or for cancellation if fully paid. Whenever all principal of and interest on all the Bonds have been paid under these provisions and all expenses and charges of the Trustee, the Tender Agent, the Remarketing Agent, the Paying Agent, the Credit Provider and the Liquidity Provider have been paid, any balance remaining in the General Account will be paid as further provided in the Indenture.

Remedies Vested in the Trustee. All rights of action (including the right to file proof of claims) under the Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceeding related thereto, and any such suit or proceeding instituted by the Trustee will be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Owners of the Bonds, and any recovery of judgment will be for the equal and ratable benefit of the Owners of all the Outstanding Bonds.

Rights and Remedies of Bondholders. No owner of any Bond will have any right to institute any suit, action or proceeding at law or in equity for the enforcement of the Indenture or for the execution of any trust thereof or for the appointment of a receiver or any other remedy under the Indenture, unless (a) a Default has occurred, (b) such Default has become an Event of Default and the owners of not less than 25% in aggregate principal amount of Bonds then Outstanding have made written request to the Trustee and have offered it reasonable opportunity either to proceed to exercise the remedies granted in the Indenture or to institute such action, suit or proceeding in its own name, (c) such owners of Bonds have offered to the Trustee indemnity as provided in the Indenture, and (d) the Trustee has refused, or for 60 days after receipt of such request and offer of indemnification has failed, to exercise the remedies granted by the Indenture or to institute such action, suit or proceeding in its own name. The Trustee agrees to enforce the obligations owed to any Qualified Hedging Contract Provider under the Indenture at the direction of such Qualified Hedging Contract Provider. However, the Trustee need not take any such action until such Qualified Hedging Contract Provider has provided the Trustee with a satisfactory indemnity bond pursuant to the provisions of the Indenture.

Such request and offer of indemnity are declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of the Indenture, and to any action or cause of action for the enforcement of the Indenture, or for the appointment of a receiver or for any other remedy under the Indenture, it being understood and intended that no one or more owners of the Bonds will have any right in any manner whatsoever to affect, disturb or prejudice the lien of the Indenture by its, his, her or their action or to enforce any right thereunder except in the manner therein provided, and that all proceedings at law or in equity will be instituted, had and maintained in the manner therein provided and for the equal and ratable benefit of the owners of all Bonds then Outstanding. However, nothing contained in the Indenture will affect or impair the right of any Bondholder to enforce the payment of the principal of and interest on any Bond at and after the maturity thereof or the limited obligation of the Finance Authority to pay the principal of and interest on each of the Bonds issued under the Indenture to the respective owners thereof at the time and place, from the sources and in the manner expressed in the Bonds.

Waivers of Events of Default. The Trustee, with the consent of the Bank, for so long as the Standby Purchase Agreement remains in full force and effect and the Bank is not in default thereunder, may at its discretion waive any Event of Default under the Indenture and its consequences, and subject to the Indenture, will do so upon the written request of the owners of (a) more than 66 2/3% in aggregate principal amount of all the Bonds then Outstanding in respect of which an Event of Default in the payment of principal or interest exists, or (b) more than 50% in aggregate principal amount of all Bonds then Outstanding in the case of any other Event of Default. However, there will not be waived (x) any Event of Default in the payment of the principal of any Outstanding Bond at the date of maturity specified therein or (y) any Event of Default in the payment when due of the interest on any Outstanding Bond, unless prior to such waiver all arrears of interest or all arrears of payments of principal when due, as the case may be, with interest on overdue principal at the rate born by such Bond, and all expenses of the Trustee, the Tender Agent, the Remarketing Agent, the Paying Agent, the Bank, the Credit Provider and the Liquidity Provider in connection with such Event of Default have been paid or provided for.

In case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such Event of Default has been discontinued or abandoned or determined adversely, then and in every such case, the Finance Authority, the Trustee and the Bondholders and the Bank, so long as the Standby Purchase Agreement remains in full force and effect and the Bank is not in default thereunder, will be restored to their former positions and rights under the Indenture, but no such waiver or rescission will extend to any subsequent or other Event of Default, or impair any rights consequent thereon.

Notice of and Opportunity for the Finance Authority to Cure Certain Defaults. Anything in the Indenture to the contrary notwithstanding, no Default under subparagraphs (v) and (vi) of the definitions of Event of Default (See “Defaults; Events of Default”) will constitute an Event of Default until actual notice of such Default by registered or certified mail has been given to the Finance Authority by the Trustee or the owners of not less than 25% in aggregate principal amount of all Bonds then Outstanding and the Finance Authority has had 30 days after receipt of such notice to correct the Default or cause the Default to be corrected and has not corrected the Default or caused the Default to be corrected within the applicable period. If a Default is cured, then it will not constitute an Event of Default. With regard to any alleged Default, concerning which notice is given to the Finance Authority,

the Finance Authority grants to the Trustee full authority for the account of the Finance Authority to perform any covenant or obligation, the failure of the performance of which is alleged in such notice to constitute a Default, in the name and stead of the Finance Authority with full power to do any and all things and acts to the same extent that the Finance Authority could do and perform any and all such things and acts and with the power of substitution therefor.

Discharge of Indenture

Provisions Applicable to the Bonds. Except as described below, if (i) payment or provision for payment is made, to the Trustee, of the principal of and interest due and to become due on the Bonds at the times and in the manner stipulated therein, and there is paid or caused to be paid to the Trustee all sums of money due and to become due according to the provisions hereof, and (ii) payment or provision for payment also will be made for the payment of all other sums payable under the Indenture and under the Loan Agreement and the Building Authority Notes, then the Trust Estate and rights granted by the Indenture will cease, terminate and be void, whereupon the Trustee will cancel and discharge the lien of the Indenture, and execute and deliver to the Finance Authority such instruments in writing as will be requisite to cancel and discharge the lien hereof, and release, assign and deliver unto the Finance Authority the estate, right, title and interest in and to any and all rights assigned or pledged to the Trustee hereby or otherwise subject to the lien of the Indenture, except moneys or securities held by the Trustee for the payment of the principal of and interest on the Bonds. Any Bond will be deemed to be paid within the meaning of the Indenture when (a) payment of the principal of such Bond and interest thereon to the due date thereof (whether such due date is by reason of maturity or upon redemption as provided in the Indenture or otherwise), either (i) has been made or caused to have been made in accordance with the terms thereof, or (ii) will have been provided for by irrevocably depositing with the Trustee, in trust and exclusively for such payment, (1) moneys (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized by Governmental Obligations) sufficient to make such payment or (2) Governmental Obligations maturing as to principal and interest in such amounts and at such times, without consideration of any reinvestment thereof, as will insure the availability of sufficient moneys to make such payment, or (3) a combination of such moneys and Governmental Obligations, and (b) all necessary and proper fees and expenses of the Trustee, the Tender Agent, the Remarketing Agent, the Paying Agent, the Qualified Hedging Contract Providers and the providers of Reimbursement Obligations, pertaining to the Bonds, including the amount, if any, required to be rebated to the United States of America, with respect to which such deposit is made, has been paid or deposited with the Trustee. Notwithstanding the foregoing, in the case of Bonds, which are not then in the Fixed Rate Mode and which by their terms may be redeemed prior to their stated maturity, no deposit under this subsection shall be deemed a payment of such Bonds as aforesaid, unless: (i) the Trustee receives a Rating Confirmation Notice with respect to such Bonds; or (ii) the moneys deposited with the Trustee are sufficient to pay the principal of the Bonds and the interest thereon to the due date, based on the assumption that such Bonds will bear interest at the Maximum Rate.

Notwithstanding the foregoing, in the case of Bonds which by their terms may be redeemed prior to their stated maturity, no deposit as described under subsection (a) above will be deemed a payment of such Bonds as aforesaid until the Finance Authority has given the Trustee, in form satisfactory to the Trustee, irrevocable instructions: (i) stating the date when the principal of each such Bond is to be paid, whether at maturity or on a redemption date (which will be any redemption date permitted by the Indenture); (ii) to call for redemption pursuant to the Indenture any Bonds to be redeemed prior to maturity pursuant to the provision described in paragraph (i) above; and (iii) to mail, as soon as practicable, a notice to the owners of such Bonds that the deposit required by the provision described in clause (a) (ii) of the previous paragraph has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with the Indenture and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal of or redemption price, if applicable, on such Bonds as specified in the provision described in paragraph (i) above.

If there has been deposited with the Trustee, in trust, at or before maturity, money or Governmental Obligations in the necessary amount (a) to pay or redeem all Outstanding Bonds (whether upon or prior to their maturity or the redemption date of such Bonds), and (b) to pay all necessary and proper fees and expenses of the Trustee, the Tender Agent, the Remarketing Agent, the Paying Agent, the Qualified Hedging Contract Providers and the providers of Reimbursement Obligations pertaining to the Bonds, including the amount, if any, required to be rebated to the United States of America, the Finance Authority will give the Trustee, in form satisfactory to the

Trustee, the irrevocable instructions described above. Any moneys so deposited with the Trustee may, at the direction of the Finance Authority, also be invested and reinvested in Governmental Obligations maturing in the amounts and times as described above, and all income from all Governmental Obligations in the hands of the Trustee pursuant to the Indenture which is not required for the payment of the Bonds and interest thereon with respect to which such moneys have been so deposited, will be deposited in the General Account as and when realized and collected for use and application as are other moneys deposited in that Account.

No such deposit will be made or accepted under the Indenture and no use made of any such deposit unless the Trustee has received an Opinion of Bond Counsel to the effect that such deposit and use would not cause any of the Bonds to be treated as arbitrage bonds within the meaning of Section 148 of the Code. Moreover, no such deposit will be deemed a payment of such Bonds unless the Trustee has received a verification from an accountant or firm of accountants appointed by the Finance Authority and acceptable to the Trustee verifying the sufficiency of the deposit to pay the principal of, premium, if any, and interest on the Bonds to the due date.

If there has been deposited with the Trustee, in trust, at or before maturity, money or Governmental Obligations in the necessary amount to pay or redeem all Outstanding Bonds as described above (whether upon or prior to their maturity or the redemption date of such Bonds), and, in the event such Bonds are to be redeemed prior to the maturity thereof, if notice of such redemption has been given or provisions satisfactory to the Trustee have been made for the giving of such notice and provisions satisfactory to the Trustee will have been made for complying with the other payment requirements of the Indenture, then the Indenture may be discharged, but the limited liability of the Finance Authority in respect of such Bonds will continue. However, the Owners thereof will thereafter be entitled to payment only out of the moneys or direct obligations of the United States of America deposited with the Trustee as set forth above.

Supplemental Indentures, Loan Agreements, Revenue Deposit Agreement, Subleases and Leases and Amendments to Related Documents

Supplemental Indentures not Requiring Consent of Bondholders. The Finance Authority and the Trustee may, with the consent of the Bank, for so long as the Standby Purchase Agreement remains in full force and effect and the Bank is not in default thereunder, but, without the consent of, or notice to, any of the Bondholders, enter into an indenture or indentures supplemental to the Indenture:

- (a) for any one or more of the following purposes:
 - (i) to cure any ambiguity or formal defect or omission in the Indenture;
 - (ii) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional benefits, rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the Bondholders or the Trustee, or to make any change which, in the judgment of the Trustee, does not materially and adversely affect the interest of the Owners of Outstanding Bonds and does not require the unanimous consent of the Bondholders, as described below under the subcaption "Supplemental Indentures Requiring Consent of Bondholders;"
 - (iii) to subject to the lien and pledge of the Indenture additional Revenues, properties or collateral;
 - (iv) to modify, amend or supplement the Indenture or any indenture supplemental thereto in such manner as to permit the qualification hereof and thereof under the Trust Indenture Act of 1939 or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of the United States of America or of any of the states of the United States of America, and, if they so determine, to add to the Indenture or any indenture supplemental thereto such other terms, conditions and provisions as may be permitted by the Trust Indenture Act of 1939 or similar federal statute;

(v) to evidence the appointment of a separate or co-trustee or the succession of a new Trustee, registrar, Paying Agent, Tender Agent and/or Remarketing Agent;

(vi) in connection with the issuance of Additional Bonds or Refunding Bonds;

(vii) to provide for the refunding of all or a portion of the Bonds;

(viii) to amend the Indenture to permit the Finance Authority to comply with any future federal tax law or any covenants contained in any Supplemental Indenture with respect to compliance with future federal tax law; and

(ix) to evidence any succession to the Finance Authority and the assumption by its successor of the covenants, agreements and obligations of the Finance Authority under the Indenture, the Loan Agreement and the Bonds; or

(b) in any way (i) on any Mandatory Purchase Date and (ii) at any time during the Daily Mode and the Weekly Mode provided that notice of such amendment is given by first-class mail to each Owner of Bonds at least 30 days prior to the effective date of such amendment.

Supplemental Indentures Requiring Consent of Bondholders. Exclusive of Supplemental Indentures provided for as described above under the subcaption “Supplemental Indentures not Requiring Consent of Bondholders,” and subject to the terms and provisions described under this subcaption, and not otherwise, the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding which are affected (exclusive of Bonds held by the Finance Authority) have the right, from time to time, anything contained in the Indenture to the contrary notwithstanding, to consent to and approve the execution by the Finance Authority and the Trustee of such other indenture or indentures supplemental to the Indenture as is deemed necessary and desirable by the Finance Authority or the Trustee for the purpose of modifying, altering, amending, adding to, or rescinding, in any particular, any of the terms or provisions contained in the Indenture or any Supplemental Indenture, but only with the express written consent of the Bank, for so long as the Standby Purchase Agreement remains in full force and effect and the Bank is not in default thereunder. However, nothing contained in the Indenture will permit, or be construed as permitting, without the consent of the Owners of all the Bonds then Outstanding, (i) an extension of a Principal Payment Date, an Interest Payment Date or a redemption date for any Bond, or (ii) a reduction in the principal amount of any Bond or change in the rate of interest or redemption premium, or (iii) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (iv) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Indenture, or (v) the creation of any lien securing any Bonds other than a lien ratably securing all of the Bonds at any time Outstanding, or (vi) a reduction in the Debt Service Reserve Requirement or the Termination Reserve Requirement, or (vii) any amendment or supplement that would materially, adversely affect a Qualified Hedging Contract Provider, which will also require the consent of any such Qualified Hedging Contract Provider, or (viii) any modification of the trusts, powers, rights, obligations, duties, remedies, immunities and privileges of the Trustee, which will also require the written consent of the Trustee.

If at any time the Finance Authority requests the Trustee to enter into any such Supplemental Indenture for any of the above purposes, the Trustee must, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such Supplemental Indenture to be mailed by registered or certified mail to each Owner of a Bond at the address shown on the registration books maintained by the Trustee. Such notice must briefly set forth the nature of the proposed Supplemental Indenture and state that copies thereof are on file at the corporate trust office of the Trustee for inspection by all Bondholders. If, within 60 days or such longer period as is prescribed by the Finance Authority following the mailing of such notice, the Owners of not less than a majority in aggregate principal amount of the Bonds Outstanding at the time of the execution of any such Supplemental Indenture (exclusive of Bonds held by the Finance Authority) have consented to and approved the execution of such Supplemental Indenture, no owner of any Bond will have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Finance Authority from executing the same or from taking any action pursuant to the provisions thereof.

Supplemental Loan Agreements and Supplemental Revenue Deposit Agreements Not Requiring Consent of Bondholders. The Finance Authority may, with the consent of the Trustee and the Bank, for so long as Standby Purchase Agreement remains in full force and effect and the Bank is not in default thereunder, but without the consent of, or notice to, any of the Bondholders, enter into any Supplemental Loan Agreement or Supplemental Revenue Deposit Agreement acceptable to the Building Authority as may be required: (i) to cure any ambiguity or formal defect or omission, which does not adversely affect the interest of the Bondholders; (ii) to grant or pledge to the Finance Authority or the Trustee, for the benefit of the Bondholders, any additional security; or (iii) in connection with any other change therein, which, in the judgment of the Trustee acting in reliance upon an Opinion of Counsel, is not to the prejudice of the Trustee and the Bondholders.

Supplemental Loan Agreements and Supplemental Revenue Deposit Agreements Requiring Consent of Bondholders. Except for these supplements described in the preceding subcaption, the Finance Authority may not enter into, and the Trustee may not consent to, any other Supplemental Loan Agreement or Supplemental Revenue Deposit Agreement, nor will any such modification or amendment become effective, without the consent of the Owners of not less than a majority of the aggregate principal amount of the Bonds then Outstanding (exclusive of Bonds held by the Finance Authority), and the consent of the Bank, for so long as the Standby Purchase Agreement remains in full force and effect and the Bank is not in default thereunder. No such Supplemental Loan Agreement or Supplemental Revenue Deposit Agreement may, without the consent of the Owners of all the Bonds then Outstanding and the Bank, for so long as the Standby Purchase Agreement remains in full force and effect and the Bank is not in default, reduce the amounts or delay the times of payment of Building Authority Note Payments.

If at any time, the Finance Authority requests the consent of the Trustee to any Supplemental Loan Agreement or Supplemental Revenue Deposit Agreement, the Trustee must cause notice of such proposed Supplemental Loan Agreement or Supplemental Revenue Deposit Agreement to be given in the same manner as notice is given with respect to Supplemental Indentures. Such notice will briefly set forth the nature of such proposed Supplemental Loan Agreement or Supplemental Revenue Deposit Agreement and will state that a copy of such Supplemental Loan Agreement or Supplemental Revenue Deposit Agreement is on file at the corporate trust office of the Trustee for inspection by all Bondholders. The Trustee will not, however, be subject to any liability to any Owner by reason of its failure to mail such notice to any particular Bondholder, if notice was generally mailed to Bondholders, and any such failure will not affect the validity of such Supplemental Loan Agreement or Supplemental Revenue Deposit Agreement when consented to and approved.

If the Owners of a majority in aggregate principal amount of the Bonds then Outstanding (exclusive of Bonds held by the Finance Authority) at the time of the execution of any such Supplemental Loan Agreement or Supplemental Revenue Deposit Agreement consent to the execution thereof as therein provided, no Owner of any Bond will have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Finance Authority from executing the same or from taking any action pursuant to the provisions thereof.

Amendments, Changes and Modifications to any Liquidity Facility and Building Authority Note. Except as otherwise provided in the Indenture, subsequent to the initial issuance of the Bonds and prior to payment of the Bonds in full (or provision for the payment thereof having been made in accordance with the provisions of the Indenture), any Liquidity Facility may not be amended, changed or modified without the prior written consent of the Trustee. The Trustee may, without the consent of the Owners of the Bonds, consent to any amendment of a Liquidity Facility as may be required for purposes of curing any ambiguity, formal defect or omission which, in the Trustee's judgment, acting in reliance upon an Opinion of Counsel, does not prejudice in any material respect the interests of the Bondholders.

Except as described in the preceding paragraph, any Liquidity Facility may be amended only with the consent of the Finance Authority, the Trustee, and the Owners of a majority in aggregate principal amount of Bonds then Outstanding (exclusive of Bonds held by the Finance Authority), except that no such amendment may be made, which would reduce the amounts required to be paid thereunder, extend the time for payment of such amounts or accelerate the stated termination date of the Liquidity Facility without the written consent of the Owners of all the Bonds then Outstanding.

The Trustee may, with the consent of the Bank, for so long as the Standby Purchase Agreement remains in full force and effect and the Bank is not in default thereunder, but without the consent of the Owners of the Bonds, consent to any amendment of a Building Authority Note as may be required for purposes of curing any ambiguity, formal defect or omission, which, in the Trustee's judgment, acting in reliance upon an Opinion of Counsel, does not prejudice in any material respects the interests of the Bondholders. Except for such amendments, a Building Authority Note may be amended only with the consent of the Finance Authority, the Trustee, the Bank, for so long as the Standby Purchase Agreement remains in full force and effect and the Bank is not in default thereunder, and the Owners of a majority in aggregate principal amount of the Bonds then Outstanding (exclusive of Bonds held by the Finance Authority), except that no such amendment may be made, which would reduce the amounts required to be paid or the time for payment of such amounts under the Building Authority Note without the written consent of the Owners of all the Bonds then Outstanding.

Amendments, Changes and Modifications to any Credit Facility, Debt Service Reserve Fund Credit Facility or Qualified Hedging Contract Not Requiring Consent of Bondholders. The Finance Authority may, with the consent of the Trustee and the Bank, for so long as the Standby Purchase Agreement remains in full force and effect and the Bank is not in default thereunder, but without the consent of, or notice to, any of the Bondholders, consent to any amendment, change or modification of any Credit Facility, Debt Service Reserve Fund Credit Facility or Qualified Hedging Contract: (i) which may be required or permitted without Bondholder consent by the Indenture; (ii) for the purpose of curing any ambiguity or formal defect or omission; (iii) to reconcile any Credit Facility, Debt Service Reserve Fund Credit Facility or Qualified Hedging Contract with any Supplemental Indenture; or (iv) to effect any other change in any Credit Facility, Debt Service Reserve Fund Credit Facility or Qualified Hedging Contract, which, in the judgment of the Finance Authority and the Trustee, will not materially prejudice any nonconsenting Bondholder.

Amendments, Changes and Modifications to any Credit Facility, Debt Service Reserve Fund Credit Facility or Qualified Hedging Contract Requiring Consent of Bondholders. Except for amendments, changes or modifications described in the preceding paragraph, neither the Finance Authority nor the Trustee may consent to any other amendment, change or modification of any Credit Facility, Debt Service Reserve Fund Credit Facility or Qualified Hedging Contract, without the consent of the Bank, for so long as the Standby Purchase Agreement remains in full force and effect and the Bank is not in default thereunder, and the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (exclusive of Bonds held by the Finance Authority). However, in no event will such amendment, change or modification relieve the Finance Authority of the obligation under any Credit Facility, Debt Service Reserve Fund Credit Facility or Qualified Hedging Contract to make when and as due any payments required for the payment of the principal, interest and any premium due or to become due on the Bonds, without the consent of the Owners of all the Bonds then Outstanding adversely affected thereby.

If at any time, the Finance Authority requests the consent of the Trustee to any such proposed amendment, change or modification of any Credit Facility, Debt Service Reserve Fund Credit Facility or Qualified Hedging Contract, the Trustee must cause notice of such proposed amendment, change or modification to be given in the same manner as notice is given with respect to Supplemental Indentures. Such notice will briefly set forth the nature of such proposed amendment, change or modification and will state that copies of the instrument embodying the same are on file at the corporate trust office of the Trustee for inspection by all Bondholders. The Trustee will not, however, be subject to any liability to any Owner by reason of its failure to mail such notice to any particular Bondholder, if notice was generally mailed to Bondholders, and any such failure will not affect the validity of such amendment, change or modification when consented to and approved as provided in the Indenture.

If the Owners of a majority in aggregate principal amount of the Bonds then Outstanding (exclusive of Bonds held by the Finance Authority) at the time of the execution of any such amendment, change or modification consent to the execution thereof as therein provided, no Owner of any Bond will have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Finance Authority from executing the same or from taking any action pursuant to the provisions thereof.

Finance Authority Covenants with respect to Supplemental Subleases and Supplemental Leases. The Finance Authority covenants that it will not consent to the execution of any Supplemental Sublease or Supplemental

Lease, which would substantially impair or reduce the security of the holders of the Bonds, or agree to the termination thereof, or agree to a reduction of the lease rental provided for therein, which would inhibit the payment of debt service on the Bonds or any Parity Hedging Contract Obligations owed to the Hedging Contract Providers, until all indebtedness secured by the Indenture is fully paid. The Finance Authority covenants that any Supplemental Sublease and Supplemental Lease entered into in connection with the issuance of Additional Bonds and the acquisition of Additional Building Authority Notes pursuant to a Supplemental Loan Agreement will require lease rental payments in an amount necessary to pay all principal of and interest on such Additional Bonds until fully paid, plus any additional amounts that will be owed by the Finance Authority on account of such Additional Bonds.

Waivers. The Trustee must not waive on its own behalf or on behalf of the Finance Authority any obligations of the Building Authority under the Loan Agreement without the consent of the Bank, for so long as the Standby Purchase Agreement remains in full force and effect and the Bank is not in default thereunder, and the Trustee will do so if directed by the Bank, for so long as the Standby Purchase Agreement remains in full force and effect and the Bank is not in default thereunder.

Notice to Rating Agencies. The Finance Authority will send to each of the Rating Agencies for their receipt at least 15 days in advance of their execution any amendment or supplement to the Indenture, the Loan Agreement, the Revenue Deposit Agreement, any Liquidity Facility, any Building Authority Note, any Credit Facility, any Debt Service Reserve Fund Credit Facility, any Qualified Hedging Contract, the Lease or the Sublease. The Finance Authority will send notice to the Rating Agencies of: (a) any change in the Trustee, the Tender Agent or the Remarketing Agent; (b) any extension, substitution, expiration or termination of a Liquidity Facility; (c) any change in the Mode of any Bond; and (d) any redemption or defeasance of all the Outstanding Bonds.

THE LOAN AGREEMENT

The following is a brief description of certain provisions of the Loan Agreement and does not purport to comprehensively describe that document.

Pledged Property

Under the Loan Agreement, in order to secure the payment of all amounts payable on the Series 2005A Building Authority Note, the Series 2007A Building Authority Note, any Additional Building Authority Notes issued under the Loan Agreement and any notes issued in subscription therefor under the Loan Agreement (collectively, the “Notes”) and the performance of all the covenants of the Building Authority contained in the Loan Agreement, the Building Authority has pledged, assigned, and granted a security interest to the Finance Authority in the following: (i) all rights, titles and interests of the Building Authority in the Lease, the Sublease, and the Revenue Deposit Agreement; (ii) any and all other property of every kind and nature from time to time hereafter, by delivery or by writing of any kind, conveyed, pledged, assigned or transferred as and for additional security under the Loan Agreement by the Building Authority or by anyone on its behalf to the Finance Authority or the Trustee, including without limitation, any funds of the Building Authority, other than those on deposit in the Rebate Fund, held by the Trustee as security for the Bonds; and (iii) all moneys and securities, other than those on deposit in the Rebate Fund, from time to time held by the Finance Authority or the Trustee under the terms of the Loan Agreement or the Indenture (collectively, the “Pledged Property”).

Issuance of Bonds and Notes; Completion of the Stadium Project

Issuance of the Bonds; Application of Proceeds. To provide funds to make a portion of the Loan for purposes of assisting the Building Authority in the financing of the Stadium Project, the Finance Authority issued, sold and delivered the Series 2007A Bonds, pursuant to and subject to the terms set forth in the Second Supplemental Indenture. Pursuant to the First Supplemental Loan Agreement, the Finance Authority loaned a portion of the proceeds of the Series 2007A Bonds to the Building Authority by purchasing the Series 2007A Building Authority Note, and making the deposits into and the payments from the Purchase Account of the General Fund as specified in the Second Supplemental Indenture. Pursuant to the Second Supplemental Indenture, the proceeds of the Series 2007A Bonds allocable to the Series 2007A Building Authority Note were deposited in the General Fund and the Project Fund and applied in accordance with the Second Supplemental Indenture and the First Supplemental Loan Agreement. Pending disbursement pursuant to the Loan Agreement, the proceeds deposited in the Project Fund, together with any investment earnings thereon, will constitute a part of the Revenues assigned by the Finance Authority to the Trustee as provided in the Indenture.

At the request of the Building Authority, and for the purposes and upon fulfillment of the conditions specified in the Indenture, the Finance Authority may provide for the issuance, sale and delivery of Additional Bonds and loan the proceeds from the sale thereof to the Building Authority through the purchase of an Additional Building Authority Note. See “Additional Building Authority Notes” below. If the unexpended proceeds of the sale of a prior Note remain in the Project Fund into which proceeds of the sale of an Additional Building Authority Note are to be deposited upon the issuance of Additional Bonds, the Trustee will establish a separate subaccount within that Project Fund, for accounting purposes, for the deposit of the proceeds of the sale of such Additional Building Authority Note to be disbursed in accordance with the terms of the Loan Agreement or any supplement thereto.

Project Fund. Pursuant to the Loan Agreement, the Building Authority agrees to acquire, construct, and equip of the Stadium Project in the manner provided in the Development Agreement. Disbursements from the proceeds of the sale of Series 2007A Bonds which are deposited in the Project Fund may be used to pay (or to reimburse the Building Authority for the payment of), the costs of the Stadium Project as permitted by the Act.

Any moneys in the Project Fund from the proceeds of the Series 2007A Bonds remaining after the Completion Date, and payment, or provision for payment, of the costs of financing the Stadium Project described above, may be used at the direction of the Building Authority (i) to acquire, renovate, construct, install and equip such additional real or personal property in connection with the Stadium Project, provided that any such use will be

accompanied by an opinion of Bond Counsel to the effect that the acquisition of such additional property will not result in the interest on the Series 2007A Bonds becoming subject to federal income taxation; (ii) for the optional redemption, or purchase in the open market for the purpose of cancellation of Series 2007A Bonds; or (iii) to accomplish a combination of the foregoing.

Insurance and Condemnation Proceeds; Performance Bonds. The Trustee will deposit in the Project Fund any moneys representing insurance or condemnation proceeds received by the Trustee pursuant to the Sublease which will be used for the reconstruction or replacement of all or a portion of the Facilities, or representing the proceeds of contractors' performance bonds related to such reconstruction or replacement. The Building Authority agrees that the Board will be entitled to receive required disbursements from such insurance or condemnation proceeds deposited in the Project Fund in connection with the repair and restoration of such Facilities which are required to be repaired and restored pursuant to the Sublease.

Investment of Funds. All moneys held as part of any Fund or Account created under or held pursuant to the Indenture, including the Project Fund, will be invested or reinvested by the Trustee pursuant to the terms of the Indenture. The Trustee will invest amounts in the Project Fund in investments maturing on such dates and in such amounts as are required to timely pay the costs of the acquisition, construction and equipping of the Stadium Project.

Loan from Finance Authority; Issuance of Notes

Purchase of Series 2007A Building Authority Note. Upon the terms and conditions of the Loan Agreement, the Finance Authority will make the Loan to the Building Authority through the purchase of the Series 2007A Building Authority Note, along with the previously completed purchase of the Series 2005A Building Authority and the purchase of any Additional Building Authority Notes issued in the future. In consideration of and in repayment of the Loan, the Building Authority will make Loan Payments as more particularly provided in the Series 2007A Building Authority Note, the Series 2005A Building Authority Note, and any Additional Building Authority Note. Prior to the Completion Date, the Loan Payments will be in an amount equal to and payable on the same dates as certain rental payments due under the Lease (or in the event the Lease is terminated prior to the Completion Date, then in an amount equal to and payable on the same dates as certain rental payments due under the Sublease which are based on the Lease had it not been terminated).

Special and Limited Obligations of Building Authority. The Building Authority is only obligated to make Loan Payments, Additional Payments or other amounts due under the terms of the Notes to the extent that it receives payments from the OMB under the Lease. The Notes, the Loan Agreement, and the obligations of the Building Authority thereunder are special and limited obligations of the Building Authority, payable solely out of the Pledged Property, and do not constitute a pledge of the faith and credit of the Building Authority or an indebtedness or charge against the general credit or taxing powers of the State.

Additional Payments. The Building Authority will pay or cause to be paid to the Finance Authority, as Additional Payments under the Loan Agreement: (i) all expenses incurred by the Finance Authority in connection with the Facilities, including, without limitation, the fees and expenses of the Trustee, the paying agent, the registrar and the tender agent under the Indenture and the remarketing agent under the remarketing agreements, and, to the extent not included within the meaning of Debt Service, 100% of any amount owed by the Finance Authority to any Qualified Hedging Contract Provider or provider of a Reimbursement Obligation, and (ii) any amount of principal and interest due on the Bonds which is required to be paid by any Qualified Hedging Contract Provider or provider of a Reimbursement Obligation, but is not so paid by such Qualified Hedging Contract Provider or provider of a Reimbursement Obligation as a result of a default thereby.

Additional Building Authority Notes. So long as no Event of Default has occurred and is continuing under the Loan Agreement, the Building Authority from time to time may issue and sell to the Finance Authority (but only to the Finance Authority) one or more Notes pursuant to the Loan Agreement in addition to the Series 2007A Building Authority Note (such Notes, "Additional Building Authority Notes").

Any Additional Building Authority Note will be (i) issued only in connection with the issuance of Additional Bonds, (ii) lettered to correspond with the Series of Additional Bonds, (iii) substantially in the form of the Series 2005A Building Authority Note (with appropriate variations or insertions), (iv) be pledged and assigned by the Finance Authority to the Trustee as security for a corresponding series of Additional Bonds concurrently issued and sold under the Indenture, (v) be issued in the same principal amount as such corresponding series of Additional Bonds, (vi) be issued with the same final maturity date as such corresponding series of Additional Bonds, (vii) be issued with the same rate or rates of interest payable at the same time or times as such corresponding series of Additional Bonds, and (viii) require payments of installments of principal in the same amounts and at the same time as any redemptions or payments of principal of such corresponding series of Additional Bonds.

Upon the issuance and sale of any Additional Building Authority Notes the same will, together with any other Note then outstanding, be equally and ratably secured by the lien of the Loan Agreement on the Pledged Property and any other property mortgaged or assigned as collateral for the Notes. It is the intent that the rights and remedies of the holders of the Notes be equal and *pari passu* and nothing contained in the Loan Agreement or any supplement thereto will be deemed to give the holders of any Notes any rights or remedies superior or inferior to the rights and remedies of the holder or holders of any other Notes.

Prepayment of Notes

Provided no Event of Default will have occurred and be continuing at any time and from time to time, the Building Authority may deliver moneys to the Trustee in addition to Loan Payments or Additional Payments required to be made and direct the Trustee to use the moneys so delivered for the purpose of purchasing or optionally redeeming Bonds, including the payment of any premium due on the Bonds and any corresponding termination payment related to a Qualified Hedging Contract.

The proceeds of any insurance against damage to or destruction of the Facilities or proceeds of any condemnation award with respect to all or a portion of the Facilities which are received by the Trustee pursuant to the Lease and used by the Trustee to redeem Bonds pursuant to the Indenture, including any corresponding termination payment related to a Qualified Hedging Contract, will constitute a prepayment of the Notes.

At the request of the Building Authority or the Trustee, the Finance Authority is required to take all steps required of it under the applicable provisions of the Indenture or the Bonds to effect the redemption of all or a portion of the Bonds.

Additional Covenants of the Building Authority

Under the Loan Agreement, the Building Authority covenants that it will (i) exercise its rights under and enforce the Lease, the Sublease, and the Revenue Deposit Agreement, including but not limited to the paying of all amounts due to the Building Authority under the Lease, the Sublease, and the Revenue Deposit Agreement; (ii) use its best efforts to cause the General Assembly to appropriate to or for the benefit of the State Agency the moneys sufficient to enable the OMB to comply with its obligations under the Lease; and (iii) require the OMB to comply with its obligations under the Lease and the Revenue Deposit Agreement, including but not limited to the obligation under the Sublease to require the Board to operate, maintain, and repair the Facilities and to provide insurance with respect to the Facilities.

Events of Default; Remedies

Events of Default. The occurrence and continuance of any of the following events will constitute an “Event of Default” under the Loan Agreement:

- (i) Failure of the Building Authority to pay any Loan Payment or Additional Payment on any Note when the same will become due and payable, whether at maturity or upon any date fixed for prepayment, by acceleration or otherwise; or

(ii) Failure of the Building Authority to observe and perform any other covenant, condition or provision of the Loan Agreement for a period of sixty (60) days after written notice, specifying such failure and requesting that it be remedied, given to the Building Authority by the Trustee, unless the nature of the default is such that can be remedied and the Building Authority institutes corrective action within the sixty (60) day period and diligently pursues such action until the default is remedied; or

(iii) The Building Authority will (a) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee, liquidator or the like of the Building Authority or of all or any substantial part of its property, (b) commence a voluntary case under the United States Bankruptcy Code (as now or hereafter in effect), or (c) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment or debts; or

(iv) A proceeding or case will be commenced, without the application or consent of the Building Authority, in any court of competent jurisdiction, seeking (a) the liquidation, reorganization, dissolution, winding-up, or composition or adjustment of debts of the Building Authority, (b) the appointment of a trustee, receiver, custodian, liquidator or the like of the Building Authority or of all or any substantial part of its property, or (c) similar relief in respect of the Building Authority under any law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts; or

(v) Any Event of Default under the Lease.

Remedies Upon Default. Whenever an Event of Default under the Loan Agreement occurs and continues, any one or more of the following remedial steps may be taken: (i) the Trustee may declare all Loan Payments and Notes to be immediately due and payable, whereupon the same will become immediately due and payable; (ii) the Finance Authority, the Trustee may have access to, inspect, examine and make copies of the books, records, accounts and financial data of the Building Authority pertaining to the Facilities; and (iii) the Finance Authority or the Trustee may pursue all remedies now or hereafter existing at law or in equity to collect all amounts then due and thereafter to become due under the Loan Agreement, or the Notes or to enforce the performance and observance of any other obligation or agreement of the Building Authority under those instruments, the Lease, and the Sublease, and the Revenue Deposit Agreement.

If the Building Authority fails to pay any on the Notes when and as the same will become due and payable, whether at maturity or upon designation for prepayment or by declaration, or otherwise then, upon written demand of the Trustee, the Building Authority will pay to the Trustee the whole amount which then has become due and payable on the Notes and in addition thereto such further amount as is sufficient to cover the cost and expenses of collection.

Waiver of Events of Default. The waiver by the Trustee, on its own behalf or on behalf of the Finance Authority, of any Event of Default or obligation of the Building Authority under the Loan Agreement will be subject to the terms of the Indenture. See “THE INDENTURE – Events of Default and Remedies – *Waivers of Events of Default*”. No such waiver, annulment or rescission will affect any subsequent default or impair any right or remedy consequent thereon.

Supplements and Amendments to Loan Agreement

Subject to the provisions of the Indenture, the Building Authority and the Finance Authority may, with the consent of the Trustee, from time to time enter into such supplements and amendments to the Loan Agreement to issue Additional Building Authority Notes or as to them may seem necessary or desirable. See “THE INDENTURE – Supplemental Indentures, Loan Agreements, Revenue Deposit Agreements, Subleases, Leases and Amendments to Related Documents”.

Defeasance; Discharge of Lien

Upon payment in full, in accordance with the Indenture, of the Debt Service on any series of Bonds, whether at maturity or by redemption or otherwise, or upon provision for the payment thereof having been made in accordance with the provisions of the Indenture, (i) the Notes issued concurrently with those corresponding Bonds, of the same maturity, bearing the same interest rate and in an amount equal to the aggregate principal amount of the Bonds so surrendered and canceled or for the payment of which provision has been made, will be deemed fully paid, the obligations of the Building Authority thereunder will be terminated, and any such Notes will be surrendered by the Trustee to the Building Authority, and will be canceled by the Building Authority, or (ii) in the event there is only one of those Notes, an appropriate notation will be endorsed thereon evidencing the date and amount of the principal payment or prepayment equal to the Bonds so paid, or with respect to which provision for payment has been made, and that Note will be surrendered by the Trustee to the Building Authority for cancellation if all Bonds will have been paid (or provision made therefor) and canceled as aforesaid.

Upon the satisfaction and discharge of the Indenture as provided therein: (a) all property, rights and interest hereby conveyed or assigned or pledged will revert to the Building Authority, and the estate, right, title and interest of the Trustee therein will thereupon cease, terminate and become void; and (b) the Loan Agreement, and the covenants of the Building Authority contained therein, will be discharged and the Trustee in such case on demand of the Building Authority, and at the Building Authority's cost and expense, will execute and deliver to the Building Authority a proper instrument or proper instruments acknowledging the satisfaction and termination of the Loan Agreement, and will convey, assign and transfer or cause to be conveyed, assigned or transferred, and will deliver or cause to be delivered, to the Building Authority, all property, including money, then held by the Trustee, together with the Notes marked paid or canceled.

THE LEASE

The following is a brief description of certain provisions of the Lease and does not purport to comprehensively describe that document.

Lease Terms and Rental

Under the Lease, the Building Authority leases to the OMB the Real Estate for a term beginning on the date of execution of the Lease and ending on the date of acceptance of a Completion Certificate with respect to the New Stadium by a representative of the OMB (the "Real Estate Initial Term"). Upon the termination of the Real Estate Initial Term, the Building Authority will lease to the OMB the New Stadium beginning on such date and ending on July 1, 2009 (the "New Stadium Initial Term"). The OMB has the right to renew the New Stadium Initial Term for successive two-year periods thereafter, and the term of the Lease will be deemed to have been renewed for each such two-year period unless the OMB delivers a termination notice during a specified period prior to the end of any two-year term. In the event funds have not been appropriated by the General Assembly or are not available to pay any such sum agreed to be paid for the use and occupancy of the New Stadium pursuant to the Lease, the New Stadium must be vacated and the Building Authority may take whatever action at law or in equity that may appear necessary to collect the payment then due and thereafter to become due, or to enforce the performance and observance of any obligation, agreement or covenant of the OMB under the Lease. In the event the Lease is not renewed and the Sublease is then in effect, the leasehold estate under the Sublease will continue as if the Building Authority were the OMB under the Sublease. In such event, the Building Authority will succeed to and assume the rights, undertakings and obligations of the OMB, as sublessor, under the Sublease without further act or instrument, and the New Stadium will continue to be leased and demised to the Board pursuant to the Sublease, as if the Building Authority were the OMB under the Sublease.

During the Real Estate Initial Term, the OMB has paid on a semiannual basis, in arrears, the rental amounts set forth below in accordance with the Lease. Such amounts were payable solely from the rental payments received by the OMB from the Board pursuant to the Sublease.

Real Estate Rentals

<u>Date Payment Due</u>	<u>Amount</u>
January 1, 2006	\$ 5,000,000
July 1, 2006	\$10,000,000
January 1, 2007	\$10,000,000
July 1, 2007	\$10,000,000
January 1, 2008	\$15,000,000

After receipt of the Completion Certificate for the New Stadium or an Additional Project, the Building Authority will charge, and the OMB will pay, rental payments which are reasonably expected to yield, during each Fiscal Year in which the Facilities (or the New Stadium or an Additional Project) are available for use and occupancy, an amount which, together with all other funds held or to be held under the Indenture that are or will be available therefor pursuant to the Indenture, is equal to the sum of: (1) 100% of the Debt Service for such Fiscal Year, allocable to the Facilities (or the New Stadium or an Additional Project); (2) all expenses incurred by the Building Authority and the Finance Authority in connection with the Facilities during such Fiscal Year, including, without limitation, the fees and expenses of the Trustee, the Paying Agent, the registrar and the Tender Agent under the Indenture and the Remarketing Agent under the Remarketing Agreement, and, to the extent not included within the meaning of Debt Service, 100% of any amount owed by the Finance Authority to any Qualified Hedging Contract Provider or provider of a Reimbursement Obligation; (3) any amount of principal and interest due on the Bonds during such Fiscal Year, which is required to be paid by any Qualified Hedging Contract Provider or provider of a Reimbursement Obligation, but is not so paid by such Qualified Hedging Contract Provider or provider of a Reimbursement Obligation as a result of a default thereby; and (4) any amount required to replenish the Debt Service Reserve Fund to the amount then required to be on deposit therein pursuant to the Indenture to the extent that such requirement is not met by any provider of a Reimbursement Obligation or as a result of a default thereby (collectively, the “Costs”).

For purposes of determining on any date the amount of the rental payments to be charged for the Fiscal Year, during which the New Stadium Initial Term commences and ends, pursuant to the subsection of the Original Lease described in the paragraph above, the phrase “together with all other funds held or to be held under the Indenture that are or will be available therefor pursuant to the Indenture” will be interpreted to include only the following funds (collectively, the “Available Funds”): (a) amounts then on deposit in the respective subaccounts of the Capitalized Interest Account; (b) additional amounts that are expected to be on deposit in such subaccounts prior to or during such Fiscal Year consisting of scheduled rental payments during the Real Estate Initial Term described in the second paragraph above; and (c) amounts that are expected to be on deposit in the General Account during such Fiscal Year consisting of regularly scheduled payments received under Qualified Hedging Contracts.

During the New Stadium Initial Term, it is anticipated that the Available Funds will exceed the Costs during the entirety of the New Stadium Initial Term. As a result, it is expected that there will be no rental due under the Sublease during the New Stadium Initial Term. If so, the General Assembly will not appropriate funds to make any rental payments under the Lease during the New Stadium Initial Term. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2007A BONDS – Allocation of Local Revenues During Construction Period” in the main body of this Official Statement.

Nevertheless, on the later of (a) the date of commencement of the New Stadium Initial Term or (b) August 15, 2008, the Building Authority will determine or arrange to determine the Available Funds as of such date and the Costs expected to be incurred during the remainder of the New Stadium Initial Term. If the Costs expected to be incurred during the remainder of the New Stadium Initial Term exceed the Available Funds as of such date, the Building Authority will charge, and the OMB will pay, a one-time supplemental rental payment in the amount of such excess, which will be deposited into the Capitalized Interest Account. Such rental payment will be made by the OMB no later than May 1, 2009. The source of such rental payment would be an appropriation in an amount equal to such payment made by the General Assembly. Upon making the determination described in this paragraph, the Building Authority will furnish to the OMB and the Trustee a written notice setting forth the amount determined and how it was calculated. Notwithstanding the foregoing, if for any reason during the New Stadium Initial Term, the

amount of Available Funds prove to be insufficient to pay the Costs, the rental payments due during the New Stadium Initial Term will be increased as necessary to pay such Costs.

For purposes of determining on any date the amount of the rental payments to be charged for any Fiscal Year commencing after the New Stadium Initial Term, the phrase “together with all other funds held or to be held under the Indenture that are or will be available therefor pursuant to the Indenture” will be interpreted to include only those funds, which are or will be available therefor pursuant to the Indenture, as of the date immediately prior to the commencement of such Fiscal Year, but only to the extent such amounts represent anticipated surplus rental payments.

So long as the Sublease remains in effect and the OMB directs the Board to pay all rent payable under the terms of the Sublease to the Trustee under the Indenture, all payments so made will be considered as payments to the Building Authority by the OMB on the rent payable under the Lease and the OMB will receive a credit for such payments, which will be applied to the corresponding rental payments due under the Lease. To the extent any such payments are so made and such credits are so applied, any appropriation of the General Assembly to make such payments, to the extent of such payments made by the Board under the Sublease, will no longer be encumbered for such purpose and will revert to the fund for which the appropriation was originally made. To the extent the OMB is required to make payments pursuant to the Lease out of such appropriations, and thereafter the Deposit Trustee receives money for deposit in the Stadium Delinquent Rental Subaccount (as defined in the Revenue Deposit Agreement), the Deposit Trustee is required pursuant to the Revenue Deposit Agreement to transfer such moneys to the OMB, together with interest on any overdue amounts at a rate equal to the effective interest rate on the outstanding Bonds issued to finance the Stadium Project.

During the term of the Lease, the OMB and the Building Authority may enter into one or more Supplemental Leases for Additional Projects. The OMB is obligated to pay additional rental for Additional Projects pursuant to the Supplemental Lease at the rates set forth therein and in the manner described above.

Unjust and Unreasonable Rent

If it is shown that the terms and conditions of the Lease and the amount to be paid for the use and occupancy of the Facilities are unjust and unreasonable considering the factors set forth in Indiana Code 5-1-17, (a) the Building Authority and the OMB will, if authorized or permitted by law, be required to reduce such amounts so as not to be unjust and unreasonable, or (b) if clause (a) as described above is not authorized or permitted by law, the OMB will not be obligated to continue to pay for the use and occupancy of the Facilities, but will instead be required to vacate the Facilities.

Damage or Destruction of Facilities

So long as the Sublease is in effect: (1) the Sublease will apply in the event the Facilities or any portion thereof will be damaged or destroyed so as to render the same unfit for its intended use in the opinion of an independent registered architect, registered engineer, construction manager or contractor selected by the Board and acceptable to the Building Authority and the OMB; and (2) any proceeds of insurance against damage to or destruction of the Facilities or proceeds of any condemnation of the Facilities (or portion thereof) will be paid to and held by the Trustee pursuant to the Indenture and used to pay for reconstruction or replacement of the Facilities in accordance with plans approved by the Board with Concurrence, unless the Board elects to exercise its option to purchase and such proceeds will be sufficient to pay the full option to purchase price under the Sublease. See “THE SUBLEASE – Damage or Destruction of Facilities; Abatement of Rent”.

Notwithstanding anything contained in the Sublease to the contrary, in connection with the Board’s obligations under the Sublease to reconstruct the Facilities, the Board is not required to reconstruct any part of the Facilities that the Building Authority is responsible for under the Development Agreement.

Abatement of Rent

In the event the Facilities (or any portion thereof) will be damaged or destroyed so as to render the same unfit for use and occupancy, the rental payments owed by the OMB to the Building Authority under the Lease will be appropriately abated for the period during which the Facilities (or any portion thereof) are unfit for use and occupancy.

Net Lease

The Lease is what is known as a net lease (i.e., the rent being absolutely net to the Building Authority and all other expenses in connection with the Facilities of any nature whatsoever are those of the Board under the Sublease, so long as the Sublease is in effect). During the term of the Lease and so long as the Sublease is in effect, the Board is solely obligated to pay as its expenses without reimbursement from the Building Authority or the OMB all cost of taxes and assessments, if any, and maintenance and use in connection with or relating to the Facilities. The Board will retain all revenues from the operation of the Facilities, and neither the OMB nor the Building Authority has any responsibility to fund the ongoing maintenance and operations of the Facilities, so long as the Sublease is in effect.

Nonliability of Building Authority

Except as otherwise provided in the Development Agreement, the Building Authority will not be liable for damage caused by hidden defects or failure to keep the Facilities in repair and will not be liable for any damage done or occasioned by or from plumbing, gas, water, boilers, steam or other pipes or sewage or the bursting or leaking of plumbing or heating fixtures or waste or soil pipe in connection with the Facilities, nor for damage occasioned by water, snow or ice being upon sidewalks or coming through a roof, skylight, trapdoor or otherwise. Except as otherwise provided in the Development Agreement, the Building Authority will not be liable for any injury to the OMB or the Board or any subtenant of the OMB or the Board or any other person which injury occurs on, in or about the Facilities howsoever arising, and the Building Authority will not be liable for damage to the OMB's or the Board's property or to the property of any subtenant of the OMB or the Board or of any other person which may be located in, upon or about the Facilities.

Alteration and Repairs

So long as the Sublease is in effect, the Board will have the right, without the consent of the Building Authority, to make all alterations, modifications and additions permitted under the Sublease. See "THE SUBLEASE – Alterations and Repairs; Equipment or Furnishings".

Equipment or Furnishings

So long as the Sublease is in effect, the Board may at any time and from time to time after the New Stadium is complete and ready for use, in its sole discretion and at its own expense, install items of moveable machinery, equipment, furnishings and other personalty in and upon the Facilities. All such personal property will remain the sole property of the Board, in which the Building Authority will have no interest, and may be modified or removed by the Board at any time provided that the Board will either: (i) repair and restore any and all damage to the Facilities resulting from the installation, modification, or removal of any such property; or (ii) compensate the Building Authority for any loss in value to the Facilities resulting from the installation, modification or removal of any such property.

Insurance

The OMB covenants that it will require the Board to comply with its obligations under the Sublease to provide insurance with respect to the Facilities. In the event the Board fails to comply with such obligations, the OMB covenants to pursue any available remedy at law or in equity or by statute to enforce those obligations. See "THE SUBLEASE – Insurance".

General Covenants

Pursuant to the Lease, the Building Authority consents to, and approves the entry by the OMB into, the Sublease and will in all respects be bound by the rights and privileges granted, conveyed and conferred upon the Board under the Sublease. The OMB agrees to cause the Board to perform the undertakings and obligations established by, and imposed on the Board under, the Sublease. If for any reason the OMB fails to cause the Board to perform any undertaking and obligation established by, and imposed on the Board, under the Sublease, the Building Authority may enforce any such undertaking by seeking performance in the name, place and stead of the OMB. The OMB has assigned its rights under the Sublease to the Building Authority, so long as the Indenture is then in effect. So long as the Sublease is in effect, the Building Authority agrees that it will, at the request of the Board, execute and deliver to or upon the order of the Board such instrument or instruments as may be reasonably required by the Board in order to subject the Facilities, or the Building Authority's interest therein, to such encumbrances as specified in such request and as permitted by the provisions of the Sublease or otherwise by the definition of "Permitted Encumbrances" and will also deliver, from time to time, such documents and instruments as may be requested by the Board or any tenant of the Board with respect to the OMB's covenant of quiet enjoyment contained in the Sublease.

The OMB covenants that it will do all things lawfully within its power to obtain and maintain funds from which to meet its rental payment obligations under the Lease, including, when required to do so under the Lease, making provision for such obligations under the Lease in each budget, or adjustments thereto, submitted to the General Assembly for the purpose of obtaining appropriations, using its bona fide best efforts to have such portion of its budget approved and exhausting all available reviews and appeals in the event such portion of its budget is not approved.

Notwithstanding any other provision of the Lease to the contrary, the OMB covenants that it will not take any action or fail to take any action with respect to its use of the Facilities that would result in the loss of the excludability of the interest on any Tax-Exempt Bonds from gross income for federal income tax purposes under the Code. Any agreement entered into by the OMB with respect to the Facilities that would result in a loss of the excludability of the interest on any Tax-Exempt Bonds from gross income for federal income tax purposes under the Code will be of no force or effect and will not convey any rights or impose any obligation with respect to it, at law or in equity.

If the Lease is terminated by reason of a nonrenewal thereof by the OMB as described above under the subcaption "Lease Terms and Rental," the OMB covenants not to purchase, lease or rent property to perform the same functions as, or functions taking the place of those performed by, the Facilities and covenants not to contract for services to perform the same functions as those performed or furnished by the Facilities, for a period of two years following such termination date.

The Building Authority agrees to use its best efforts to complete the Facilities (including the New Stadium or any Additional Project) as promptly as practicable in accordance with the provisions of the Development Agreement. In the event the moneys, if any, in the Project Fund and the Capitalized Interest Account will not be sufficient to pay in full the cost of completing the Construction of the Facilities (or the New Stadium or any Additional Project) and the interest on the allocable Bonds prior to the Commencement Date, the Building Authority agrees to use its best efforts to complete the Construction of the Facilities (including the New Stadium and each Additional Project), which will include, but not be limited to, seeking the issuance of Additional Bonds in an amount sufficient to pay the remaining Construction costs, interest prior to the Commencement Date, associated costs of issuance and any required reserves.

Option to Purchase

Pursuant to the Lease, the Building Authority grants to the OMB the right and option, on any date, upon 30 days' written notice to the Building Authority, to purchase the Facilities at a price equal to the amount required: (1) to enable the Building Authority to pay or redeem, or provide for the payment or redemption of, all Outstanding Bonds, all premiums payable on the redemption thereof, accrued and unpaid interest thereon and the costs of redemption thereof, all in accordance with the Indenture; and (2) to pay all expenses of the Building Authority and

the Finance Authority attributable to the Facilities, including, without limitation, the fees and expenses of the Trustee, the Paying Agent, the registrar and the Tender Agent under the Indenture and the Remarketing Agent under the Remarketing Agreement, and, to the extent not included within the meaning of Debt Service, 100% of any amount owed by the Finance Authority to any Qualified Hedging Contract Provider or provider of a Reimbursement Obligation. The OMB may purchase a portion of the Facilities on any date, upon 30 days' written notice to the Building Authority, at a price equal to the amount required: (1) to enable the Building Authority to pay or redeem, or provide for the payment or redemption of, the Outstanding Bonds allocable to the portion of the Facilities to be purchased, plus any premiums payable on the redemption thereof, any accrued and unpaid interest to the date of redemption, and any costs of redeeming such Bonds; and (2) to pay all expenses of the Building Authority and the Finance Authority attributable to the Facilities, including, without limitation, the fees and expenses of the Trustee, the Paying Agent, the registrar and the Tender Agent under the Indenture and the Remarketing Agent under the Remarketing Agreement, and, to the extent not included within the meaning of Debt Service, 100% of any amount owed by the Finance Authority to any Qualified Hedging Contract Provider or provider of a Reimbursement Obligation; provided, however, that as a condition to the purchase of a portion of the Facilities, the rent for the unpurchased portion of the Facilities remaining subject to the Lease must be sufficient to pay the rent due pursuant to the Lease.

Upon the request of the OMB, the Building Authority agrees to furnish an itemized statement setting forth the estimated amount required to be paid by the OMB on the prepayment date in order to purchase all or a portion of the Facilities in accordance with the Lease. On or before the date fixed for the purchase of all or a portion of the Facilities pursuant to the Lease, the Building Authority will furnish or cause to be furnished an itemized statement setting forth the actual amount required to be paid by the OMB at the time all or a portion of the Facilities are purchased by the OMB.

If the OMB exercises its option to purchase, the OMB will pay to the Trustee under the Indenture that portion of the purchase price which is required: (1) to pay or redeem, or provide for the payment or redemption of all Outstanding Bonds allocable to the Facilities, or, in the case of the purchase of a portion of the Facilities, that portion of the purchase price which is required to pay or redeem, or provide for the payment or redemption of the Outstanding Bonds (as identified in writing by the OMB or the Board) allocable to the portion of the Facilities to be purchased, and, in either case, all premiums payable on the redemption thereof, accrued and unpaid interest thereon and the costs of redemption thereof, all in accordance with the Indenture; and (2) to pay all expenses of the Building Authority and the Finance Authority attributable to the Facilities as described in the Lease. Such payment will not be made until the Trustee gives to the OMB a written statement that such amount will be sufficient: (1) to pay or redeem, or provide for the payment or redemption of all Outstanding Bonds allocable to the Facilities, or, in the case of the purchase of a portion of the Facilities, a written statement that such amount will be sufficient to pay or redeem, or provide for the payment or redemption of all Outstanding Bonds allocable to the portion of the Facilities to be purchased, and, in either case, all premiums payable on the redemption thereof, accrued and unpaid interest thereon and the costs of redemption thereof, all in accordance with the Indenture; and (2) to pay all expenses of the Building Authority and the Finance Authority attributable to the Facilities as described in the Lease. The remainder of such purchase price, if any, will be paid by the OMB to the Building Authority.

Subject to the provisions of the Sublease, nothing contained in the Lease will be construed to provide that the OMB will be under any obligation to purchase the Facilities.

Defaults

An "Event of Default" means any one or more of the following events:

- (a) failure by the OMB to pay or cause to be paid when due any rental payment payable under and in accordance with the terms of the Lease on the date on which due; or
- (b) failure by the OMB to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as described in clause (a) above, which failure continues for a period of 30 days after written notice, specifying such failure and requesting that it be remedied, is given to the OMB by the Building Authority or the Trustee.

Remedies

Whenever any Event of Default happens and is then subsisting and provided that the Event of Default has not been cured, the Building Authority may terminate the Lease by written notice to the OMB and/or take whatever action at law or in equity as may appear necessary or desirable to collect the payments then due and thereafter to become due, or to enforce the performance and observance of any obligation, agreement or covenant of the OMB under the Lease; provided, however, that in the event funds have not been appropriated or are not available to pay any sum agreed to be paid for use and occupancy of the Facilities (or the New Stadium or any Additional Project) when due pursuant to and in accordance with the terms of the Lease, the OMB or any other State Agency will be required to vacate the Facilities (or the New Stadium or any Additional Project) on the first day for which funds have not been so appropriated or are not so available, and the Building Authority may take whatever action at law or in equity may appear necessary or desirable to collect the payment then due and thereafter to become due, or to enforce the performance and observance of any obligation, agreement or covenant of the OMB under the Lease.

Notwithstanding anything to the contrary described in the preceding paragraph, the OMB will be obligated to pay any rental due under the Lease for any period (1) during which the Facilities (or the New Stadium or any Additional Project) are available for use and occupancy and (2) for which funds have been appropriated and are available to pay any sum agreed to be paid by the OMB pursuant to and in accordance with the terms of the Lease for use and occupancy of the Facilities (or the New Stadium or any Additional Project) when due.

In the event the Lease is terminated and the Sublease is then in effect, the leasehold estate under the Sublease will continue as if the Building Authority were the OMB under the Sublease. In such event, the Building Authority will succeed to and assume the rights, undertakings and obligations of the OMB (as Sublessor) under the Sublease without further act or instrument, and the Facilities will continue to be leased and demised to the Board pursuant to the Sublease, as if the Building Authority were the Sublessor under the Sublease.

Notwithstanding anything contained in the provisions described in the third preceding paragraph, so long as the Indenture is then in effect any remedies exercisable by the Building Authority pursuant to the provisions described under this subcaption will be controlled by the Trustee.

Supplemental Leases

The Building Authority and the OMB contemplate that from time to time they will enter into one or more Supplemental Leases (or amendments to, or amendatory or superseding Supplemental Leases to replace, the Lease) which will provide: (a) a schedule of the specific semiannual rental payments (calculated in accordance with the Lease) to be paid to the Building Authority by the OMB, whether required by reason of the Lease having been renewed by the OMB or by reason of the issuance of a Series of Additional Bonds pursuant to the Indenture; (b) for an addition to the Real Estate of any additional real property to be subject to the Lease, if such additional real property has been acquired by the Building Authority for lease to the OMB under the Lease; and (c) such other covenants and agreements as the parties to the Lease agree upon; provided, however, the Building Authority and the OMB will not enter into a Supplemental Lease without the written consent of the Finance Authority, for so long as any Bonds are Outstanding under the Indenture and such Bonds are payable from Building Authority Notes secured by the Lease; provided, further, however, the Building Authority and the OMB will not enter into a Supplemental Lease without the written consent of the Board, if the Sublease is then in effect and the Board is not then in default under the Sublease Agreement, and if such Supplemental Lease would adversely alter or affect the Board's rights or obligations under the Sublease.

Transfer to the OMB

When the Bonds are no longer Outstanding, the Building Authority will execute proper instruments conveying to the OMB good and merchantable title to the Facilities and all of OMB's interest therein, subject only to Permitted Encumbrances and encumbrances created by the OMB.

No Personal Liability

No recourse may be had for the payment of rent under the Lease or for any claim based thereon or upon any obligation, covenant or agreement in the Lease contained against any past, present or future member, officer, employee, agent or official of the Building Authority or the OMB, or any successor thereof, either directly or through the Building Authority or the OMB, or any successor thereof, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability for any such person is expressly waived and released as a condition of and consideration for the execution of the Lease and the issuance of the Bonds.

Early Termination

The Building Authority will have the right to terminate the Lease in the event the OMB terminates the Sublease pursuant to the Sublease. Pursuant to such provisions, the OMB has the right to terminate the Sublease if the Building Authority elects to terminate the Development Agreement pursuant to the terms thereof.

THE SUBLEASE

The following is a brief description of certain provisions of the Sublease and does not purport to comprehensively describe that document.

Lease Term and Rental

Under the Sublease, the OMB subleases to the Board the Real Estate and the New Stadium for a term beginning on the date of execution of the Sublease and ending on December 31, 2040, unless earlier terminated as described below. During the term of the Sublease, the Board is obligated to pay rentals to the OMB for the use of the Real Estate, and for the use of the New Stadium when and to the extent completed and ready for use, on the dates and in the amounts that the OMB owes rentals to the Building Authority under the Lease. In the event that the Lease is terminated prior to the expiration or termination of the Sublease and any bonds issued to finance the Stadium Project remain outstanding, the Sublease will remain in full force and effect, and the Board is obligated to pay rentals directly to the Building Authority during the remaining term of the Sublease on the dates and in the amounts that such rentals would have been due had the Lease not been terminated.

During the term of the Sublease, the Board and the OMB may enter into one or more Supplemental Subleases for Additional Projects. The Board is obligated to pay additional rental for Additional Projects pursuant to the Supplemental Sublease at the rates set forth therein.

In the event the Revenues were insufficient on any rental payment date to pay the rentals due under the Sublease, but Revenues are later received and could be applied to payment of the unpaid rental payment, the Board is obligated to pay such Revenues to the OMB as promptly as possible, together with interest on any overdue amounts at a rate equal to the effective interest rate on the outstanding bonds issued to finance the Stadium Project.

All rental obligations under the Sublease are payable solely and exclusive from the Stadium and Convention Special Fund in accordance with the Revenue Deposit Agreement, such rental obligations being limited recourse in nature. Pursuant to the Revenue Deposit Agreement, the OMB and Board have directed and agree to cause the Deposit Trustee to pay all rentals payable under the terms of the Sublease to the Trustee to be held under the Indenture. All payments so made in accordance with the Revenue Deposit Agreement are considered as payments to the OMB on the rentals payable under the Sublease.

Application of Excess Revenues

After the New Stadium is complete and ready for use, the Board is obligated to deposit the remaining Revenues held by the Board in the Stadium and Convention Center Special Fund, after payment of all other rentals due under the Sublease, to the Excess Revenues Account at such times and upon the terms and conditions set forth

in the Revenue Deposit Agreement. At the direction of the OMB, consistent with the terms and conditions of the Revenue Deposit Agreement, amounts so deposited to the Excess Revenues Account will be either (i) used to make a prepayment of the Board's remaining rental obligations under the Sublease, in which case the OMB is obligated to cause the Finance Authority to prepay, redeem or defease bonds issued to finance the Stadium Project and/or to pay a corresponding swap termination payment relating to the bonds so redeemed to the extent feasible with such additional rental payment, (ii) applied to the cost of an extraordinary capital expenditure relating to the New Stadium, or (iii) deposited with the Building Authority and used to fulfill obligations of the Building Authority arising out of the design, development and construction of the New Stadium.

The obligations of the OMB and the Board created by or arising out of the Sublease or of any amendments thereto will not be, represent, or constitute an indebtedness of the OMB, the Board, the City of Indianapolis (the "City") or Marion County, Indiana (the "County"), within the meaning or application of any constitutional limitation of the State or the laws of the State or a pledge of the faith or credit of the OMB, the Board, the City or the County.

Damage or Destruction of Facilities; Abatement of Rent

In the event the Facilities or any portion thereof are damaged or destroyed so as to render the same unfit for its intended use in the opinion of an independent registered architect, registered engineer, construction manager or contractor selected by the Board with the concurrence of the OMB, the Board is obligated to cause (a) the Stadium Project (or such portion thereof) to be restored and rebuilt to permit compliance with Board's obligation under the Colts Lease and (b) any other Facilities (or such portion thereof) to be restored and rebuilt as promptly as may be done, unavoidable strikes and other causes beyond the control of the OMB excepted, if in the opinion of an independent registered architect, registered engineer, construction manager or contractor selected by the Board with the concurrence of the OMB: (i) the cost of such restoration or rebuilding does not exceed the amount of the proceeds received by the Trustee from the insurance provided for in the Sublease, together with other moneys available therefor under the Revenue Deposit Agreement or otherwise contributed at the option of the Building Authority, OMB or Board, and (ii) such restoration or rebuilding can be completed within the period of time covered by the rental value insurance provided for in the Sublease. If either or both conditions do not exist, the proceeds received from the insurance provided for in the Sublease are required, with the concurrence of the OMB, be applied to the purchase price of bonds provided for in the Sublease (see "Option to Purchase" below). Notwithstanding the foregoing, the Board with the concurrence of the OMB may elect not to restore or rebuild and may elect to apply such insurance proceeds to the purchase price; provided that there are available sufficient funds to pay the purchase price including, without limitation, the amount required to defease all outstanding bonds issued to finance the Stadium Project.

In addition, in the event the Facilities or any portion hereof are damaged or destroyed so as to render it unfit for its intended use as determined by an independent registered architect, registered engineer, construction manager or contractor selected by the Board with the concurrence of the OMB, the rental are abated for the period during which the Facilities (or portion thereof) is unfit for its intended use and are abated in proportion to the portion of the Facilities which is unfit or unavailable for use. Notwithstanding the foregoing, at its option, the Board may determine to not abate rent in such portion of the Facilities which is unfit or unavailable for use (or determine to abate rent to a lesser extent or not at all) if the Board delivers an opinion of nationally recognized bond counsel that such alternate abatement does not impair the validity of the Sublease.

Notwithstanding anything contained in the Sublease to the contrary, in connection with Board's obligations under the Sublease to reconstruct the Facilities, Board is not be required to reconstruct any part of the Facilities that Building Authority is responsible for under the Development Agreement.

Net Sublease

The Sublease is what is known as a net lease (i.e., the rent being absolutely net to the OMB and all other expenses in connection with the Facilities of any nature whatsoever are those of the Board). During the Sublease term the Board is solely obligated to pay as its expenses without reimbursement from the OMB all cost of taxes and assessments, if any, and maintenance and use in connection with or relating to the Facilities. The Board will retain

all revenues from the operation of the Facilities, and neither the OMB nor the Building Authority has any responsibility to fund the ongoing maintenance and operations of the Facilities.

Nonliability of OMB

The OMB will not be liable for damage caused by hidden defects or failure to keep the premises in repair and will not be liable for any damage done or occasioned by or from plumbing, gas, water, boilers, steam or other pipes or sewage or the bursting or leaking of plumbing or heating fixtures or waste or soil pipe in connection with said premises, nor for damage occasioned by water, snow or ice being upon sidewalks or coming through thereof, skylight, trapdoor or otherwise. The OMB will not be liable for any injury to the Board or any subtenant of the Board or any other person which injury occurs on, in or about the Facilities howsoever arising. The OMB will not be liable for damage to the Board's property or to the property of any subtenant of the Board or of any other person which may be located in, upon or about said premises. The OMB is responsible for preserving for the benefit of Board usual and customary rights, claims and warranties against the persons or entities engaged to acquire and construct the Facilities.

Alteration and Repairs; Equipment or Furnishings

The Board will have the right, at its own expense, to make all alterations, modifications and additions and to do all remodeling and improvements it deems necessary or desirable to the Facilities, which do not (i) materially reduce the rental value of the Facilities, and (ii) adversely affect the ability of the Board to fulfill its obligations under the Colts Lease. The Board will be liable to repair any damage to the Facilities resulting from such work.

So long as the Sublease is in effect, the Board may at any time and from time to time after the New Stadium is complete and ready for use, in its sole discretion and at its own expense, install items of moveable machinery, equipment, furnishings and other personalty in and upon the Facilities. All such personal property will remain the sole property of the Board, in which neither the Building Authority nor the OMB will have any interest, and may be modified or removed by the Board at any time provided that if such modification or removal adversely affects the obligation to pay rentals under the Sublease, the Board is required to either: (i) repair and restore any and all damage to the Facilities resulting from the installation, modification, or removal of any such property; or (ii) compensate the Building Authority and the OMB for any loss in value to the Facilities resulting from the installation, modification or removal of any such property.

Insurance

The Board, at its own expense, is required, during the full term of the Sublease, to keep the Facilities insured against physical loss or damage, however caused, on a basis consistent with commercially reasonable practices and with such exceptions as are ordinarily required by insurers of buildings or facilities of a similar type (initially as provided by an industry standard all risk insurance policy), with good and responsible insurance companies. Such insurance is required to be in an amount at least equal to the greater of (i) the option to purchase price for the purchase of the Facilities under the Sublease, or (ii) one hundred percent (100%) of the full replacement cost of such Facilities as certified by a registered architect, a registered engineer, or professional appraisal engineer, selected by the Board with the concurrence of the OMB, from and after the date the New Stadium is complete and ready for use for purposes of making a rent payment under the Sublease and on or before the first day of July of each year thereafter. In no event may the insurance be in an amount which causes the Board to be a co-insurer for the Facilities, provided that such insurance may cover properties of the Board other than the Facilities. Such insurance may contain a provision for a deductible in an amount that is customary and commercially reasonable, but not more than \$1,000,000 or such higher amount as from time to time determined by the Board with the concurrence of the OMB. The Board is obligated to pay the deductible amount of any loss to the OMB. A blanket public institutional property insurance form may be used if the insurance payable in respect of loss related to the Facilities is not less than the amount required by the Sublease and the insurance proceeds related to damage to or destruction of the Facilities are payable to the Trustee.

During the full term of the Sublease, the Board is also required, at its own expense, to maintain rental value insurance in an amount at least equal to the full rental paid by the Board on all Facilities leased by the Board for a

period of thirty (30) months against physical loss or damage of the type insured against pursuant to the preceding requirements of this Section. Such rental value insurance policies are for the benefit of and are made payable to the Trustee.

Notwithstanding any requirement set forth in the Sublease, in the event any such policy, limit or term is not commercially available at a reasonable premium or the Board desires to otherwise replace it with reasonably comparable coverage, then the Board with the concurrence of the OMB may replace and substitute such with an alternate policy, limit or term so long as any such alternate affords reasonably comparable coverage as confirmed by an outside insurance consultant engaged by the Board.

Use of Insurance and Condemnation Proceeds

Proceeds of insurance against damage to or destruction of the Facilities or proceeds of any condemnation of the Facilities (or portion thereof) are required to be paid to and held by the Trustee pursuant to the Indenture and the Loan Agreement and used by the Board to pay for reconstruction or replacement of the Facilities in accordance with plans approved by the Board with the concurrence of the OMB, unless the Board elects to exercise its option to purchase and such proceeds are sufficient to pay the full option to purchase price for all bonds issued to finance the Stadium Project under the Sublease.

Liability Insurance

The Board is required, at all times during the full term of the Sublease, to keep in effect, (a) public liability and property damage insurance, insuring the Board and the OMB in amounts customarily carried by similar facilities, and (b) all insurance required to be kept in place by the Board under the Colts Lease, and is required to make the Building Authority and the OMB named insureds on such policies.

General Insurance Provisions

All insurance policies required by the Sublease are required to be issued by good and responsible insurance companies selected by the Board with the concurrence of the OMB, and to be countersigned by an agent of the insurer who is a resident of the State. Such policies, or copies thereof, together with a certificate of the insurance commissioner certifying that the persons countersigning such policies are duly qualified in the State as resident agents of the insurers on whose behalf they may have signed, and any required certificate of the architect or engineer, are required to be deposited with the OMB, the Building Authority and the Trustee. If, at any time, the Board fails to maintain insurance in accordance with the Sublease, such insurance may be obtained by the OMB or the Building Authority, or may be obtained by the Trustee, and the amount paid for such insurance will be added to the amount of rental payable by the Board under the Sublease; provided, however, that neither the OMB, the Building Authority nor the Trustee are under any obligation to obtain such insurance, and any action or non-action of the OMB or the Trustee in this regard will not relieve the Board of any consequences of a default in failing to obtain such insurance. The Trustee is required to be the loss payee on all casualty and rental value insurance required by the Sublease that becomes payable in respect of claims related to the Facilities.

General Covenants

The Board is permitted in its sole and absolute discretion to enter into separate subleases and other agreements with respect to use of the Facilities, except that the OMB specifically reserves and retains the right of the Building Authority to approve any sublease agreements and amendments thereto between the Board and the Colts. Any such subleases or other agreements may not relieve, reduce or diminish the obligation of the Sublessee to make rental payments under the Sublease. The OMB covenants that any subtenant of the Board will have quiet enjoyment of the premises subleased in the event of any breach or default under the Sublease, so long as those parties with whom the Board has contracted are either (a) not in material breach of their respective agreements or (b) diligently pursuing corrective action to cure any existing material breach of their respective agreements. The Board covenants that, except for certain permitted encumbrances, it will not encumber the Facilities, or permit any encumbrance to exist thereon, and that it will use and maintain the Facilities in accordance with the laws and ordinances of the

United States of America, the State, and all other proper governmental authorities. The OMB covenants that it will, at the request of the Board, execute and deliver to or upon the order of the Board such instrument or instruments as may be reasonably required by the Board in order to subject the Facilities, or the OMB's interest therein, to such encumbrances as are specified in such request and as are permitted by the provisions of the Sublease, and will also deliver, from time to time, such documents and instruments as may be requested by the Board or any tenant of the Board with respect to OMB's covenant of quiet enjoyment contained in the Sublease. The OMB is required to cause the Lease to provide that the Building Authority will grant the same rights and interests in favor of Board described in the prior sentence to the full extent necessary or desirable to permit the Board to exercise and enjoy its rights under it.

The Board covenants that it will not take any action or fail to take any action that would cause any tax-exempt bonds issued to finance the Stadium Project to meet the private payment or security test set forth in Section 141(b)(2) of the Internal Revenue Code of 1986, as amended ("Code"), and the regulations thereunder as applicable to such bonds. The Board is obligated to comply with all reasonable direction given by the OMB when necessary to not cause any such tax-exempt bonds to be "private activity bonds" within the meaning of Section 141 of the Code or be "arbitrage bonds" within the meaning of Section 148 of the Code.

With respect to a capital improvement that is subject to the county admissions tax imposed by IC 6-9-13, upon request of the Building Authority the Board is obligated to impose a fee: (i) not to exceed three dollars (\$3), as determined by the Building Authority, for each admission to a professional sporting event described in IC 6-9-13-1; and (ii) not to exceed one dollar (\$1), as determined by the Building Authority, for each admission to any other event described in IC 6-9-13-1. So long as there are any current or future obligations owed by the Board to the Building Authority or any state agency pursuant to a lease or other agreement entered into between the Board and the Building Authority or any state agency under Indiana Code 5-1-17-26, including the Sublease, the Board or its designee will deposit the revenues received from the fee imposed under this paragraph in the Stadium and Convention Special Fund to be used only for the payment of the obligations of the Board described in the Sublease and in the Revenue Deposit Agreement.

The Board covenants to deliver to the Building Authority the \$100,000,000 to be contributed by the Colts to the Stadium Project consistent with the deadlines set forth in the Development Agreement.

The Board agrees to comply with all of its obligations under the Colts Lease, so as to avoid an event of default thereunder, to diligently assure that the Colts perform their obligations under the Colts Lease and to not permit an amendment of the Colts Lease without the consent of the Building Authority.

The Board also agrees to comply with certain environmental covenants set forth in the Sublease.

Covenant Regarding Excise Taxes and Revenues

The Board, on behalf of Marion County, Indiana, covenants that neither the Additional Admissions Tax, the Additional Marion County Food and Beverage Tax nor the Additional Innkeeper's Tax will be repealed, amended or altered in any manner that would reduce or adversely affect the levy and collection of the Additional Admissions Tax, the Additional Marion County Food and Beverage Tax or the Additional Innkeeper's Tax or reduce the rates or amounts of the Additional Admissions Tax, the Additional Marion County Food and Beverage Tax or the Additional Innkeeper's Tax so long as any lease rental provided for by the Sublease is unpaid. The Board further covenants that it will not take any action or fail to take any action which would (i) reduce or adversely affect the levy and collection of the Additional Supplemental Auto Rental Excise Tax, (ii) reduce the rates or amounts of the Additional Supplemental Auto Rental Excise Tax or (iii) result in a materially adverse reduction in the Revenues so long as any lease rental provided for by the Sublease is unpaid.

Covenant Regarding Excess Revenues During Construction Period

The Board covenants that unless otherwise agreed by the OMB and the Board, until the New Stadium is complete and ready for use, the Board will deposit or cause to be deposited into the Project Fund under the Indenture

all Revenues (except those Revenues used to pay rentals due on the Real Estate), which Revenues will be treated as a direct contribution to the Stadium Project by the Board and used to make improvements to the Facilities by the Building Authority acting as agent for the Board. In consideration therefor, the OMB covenants that in determining the principal amount of bonds to be issued to pay for the Stadium Project, the OMB will cause the Finance Authority to take into account the amount of the Revenues deposited by or on behalf of the Board into the Project Fund pursuant to the Sublease.

Option to Purchase

The OMB grants the Board the right and option at any time upon thirty days' written notice to the OMB and the Building Authority, to purchase the Facilities at a price equal to the amount required to enable the OMB to exercise its right to purchase the Facilities from the Building Authority under the Lease. The Board may purchase a portion of the Facilities at any time upon thirty days' written notice to the OMB, at a price equal to the amount required to enable the OMB to exercise its right to purchase the same portion of the Facilities from the Building Authority under the Lease; provided, however, that as a condition to the purchase of a portion of the Facilities, the rent for the unpurchased portion of the Facilities remaining subject to the Sublease must be sufficient to pay debt service on all remaining outstanding bonds issued to finance the Stadium Project plus any additional rental due pursuant to the Sublease.

Upon request of the Board, the OMB is obligated to furnish an itemized statement setting forth the amounts required to be paid by the Board on the proposed payment date in order to purchase the Facilities or the designated portion of the Facilities in accordance with the preceding paragraph.

If the Board exercises its option to purchase all or a portion of the Facilities, the Board will pay to the Trustee the purchase price therefor as determined above. Such payment will not be made until the Trustee gives to the Board a written statement that such amount will be sufficient to meet all of the requirements for the OMB's purchase of the Facilities or portion thereof under the Lease. Upon the Board making such payment, the OMB is required to immediately (i) use such moneys to exercise its option to purchase under the Lease, thereby obtaining all or a portion of the Building Authority's interest in the Facilities pursuant to the Lease, and (ii) execute proper instruments conveying to the Board good and merchantable title to and all of the OMB's interest in the portion of the Facilities being purchased, subject only to certain permitted encumbrances. In the event the Lease is terminated prior to the termination of the Sublease, the Board will continue to be able to exercise and enjoy its option to purchase rights, and the measure of the purchase price will be as described in the Lease.

At the expiration of the term of the Sublease, if no bonds issued to finance the Stadium Project remain outstanding and upon the full discharge and performance by the Board of its obligations under the Sublease, the OMB grants the Board an option to purchase the Facilities for a price of one dollar (\$1.00). If the Board has not exercised its option to purchase the Facilities at the expiration of the term of the Sublease and upon the full discharge and performance by the Board of its obligations under the Sublease and the defeasance of all bonds issued to finance the Stadium Project, the OMB will execute proper instruments conveying to the Board good and merchantable title, and all of OMB's interest, in the Facilities, subject only to certain permitted encumbrances.

Utility Service

The Board is obligated to pay or cause to be paid all charges for sewer, gas, water, electricity, light, heat or power, telephone or other utility service used, rendered or supplied upon or in connection with the Facilities incurred after the date on which the New Stadium is complete and ready for use and thereafter throughout the term of the Sublease, and to indemnify the OMB and save it harmless against any liability or damages on such account.

Defaults

If the Board (a) defaults in the payment of any rentals due under the Sublease other than by reason of the Revenues not being sufficient to provide for the payment in full of such rentals, or defaults in the payment of any monetary sums other than rent under the Sublease required to be paid by the Board to the OMB under the Sublease,

(b) defaults under the Revenue Deposit Agreement, other than by reason of the Revenues not being sufficient to provide for the payment in full of all rentals due under the Sublease, (c) defaults in the observance of the Board's covenants regarding maintenance and application of the Revenues, or (d) defaults in the observance of any other covenant, agreement or condition hereof, and such default under (d) continues for 60 days after written notice to correct the same, then, in any of such events, except as set forth below, the OMB may proceed to protect and enforce its rights, either at law or in equity, by suit, action, mandamus or other proceedings, whether for specific performance of any covenant or agreement contained in the Sublease or for the enforcement of any other appropriate legal or equitable remedy. Notwithstanding the foregoing, OMB may not proceed to protect and enforce its rights pursuant to the preceding sentence in the event of a default specified in (d) above that is correctable, but not within sixty days, if corrective action is instituted by the Board within such time period and diligently pursued until the default is corrected. **In no event, however, will the Building Authority or OMB be entitled to dispossess the Board or terminate the Sublease or otherwise seek to deprive the Board or the Colts of their respective use of the New Stadium under the Sublease or the Colts Lease, provided that the Board will in all material respects enforce the obligations of, and undertake to cause the Colts to cure and correct any material breach by, the Colts under the Colts Lease.**

Supplemental Subleases

The OMB and the Board may, from time to time, enter into one or more Supplemental Subleases, each of which will (a) describe the Additional Project to be included as a part of the Facilities that is to be leased by the OMB to the Board, (b) state the additional rental payment attributable to the inclusion of such Additional Project as a part of the Facilities, (c) provide that all covenants contained in the Sublease are unitary and include all parts of the Facilities, whether leased pursuant to the original Sublease or pursuant to any Supplemental Sublease (provided that the foregoing will not limit or restrict the parties from having differing covenants and obligations applicable to Additional Projects or other discrete parts of the Facilities), and (d) contain such other covenants and agreements as the parties thereto agree upon. The OMB and the Board covenant and agree that, when added to the then existing lease rentals, the additional rental payments established pursuant to any Supplemental Sublease will be sufficient to pay the debt service attributable to the bonds issued to finance the Stadium Project remaining outstanding, plus any additional rental due under the Sublease.

Transfer to the Board

In the event the Board has not exercised its option to purchase the Facilities in accordance with the Sublease, then, upon expiration of the Sublease and upon full performance by the Board of its obligations under the Sublease, the Facilities will become the absolute property of the Board, and, upon the Board's request, the OMB will execute proper instruments conveying to the Board good and merchantable title, and all of the OMB's interest, in the Facilities.

No Personal Liability

No recourse may be had for the payment of rent under the Sublease or for any claim based thereon or upon any obligation, covenant or agreement in the Sublease contained against any past, present or future member, officer, employee, agent or official of the OMB or the Board, or any successor thereof, either directly or through the OMB or the Board, or any successor thereof, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability for any such person is expressly waived and released as a condition of and consideration for the execution of the Sublease and issuance of the bonds issued to finance the Stadium Project.

Early Termination

The OMB has the right to terminate the Sublease if the Building Authority elects to terminate the Development Agreement pursuant to the terms thereof.

THE REVENUE DEPOSIT AGREEMENT

The following is a brief description of certain provisions of the Revenue Deposit Agreement and does not purport to comprehensively describe that document.

Granting Clause

Pursuant to the terms of the Revenue Deposit Agreement, the Board pledges and assigns unto the Deposit Trustee for all Obligations incurred by the Board:

- (i) all the Excise Tax Revenues;
- (ii) all the Fees;
- (iii) all the Additional Marion County Professional Sports Development Area Revenues;
- (iv) all other Revenues; and
- (v) all moneys and securities in the Stadium and Convention Special Fund, including the income from the investment thereof.

If the Board pays or causes to be paid all Obligations or provides for the payment of all Obligations and keeps, performs and observes all of the covenants and promises in the Revenue Deposit Agreement, and pays or causes to be paid to the Deposit Trustee all sums of money due to it in accordance with the terms and provisions the Revenue Deposit Agreement, then the Revenue Deposit Agreement will be terminated and the liens set forth therein will be released.

Funds and Accounts; Flow of Funds

Stadium and Convention Special Fund; Accounts and Subaccounts. Pursuant to the terms of the Revenue Deposit Agreement, there is created a fund to be held by the Deposit Trustee, designated as the “Stadium and Convention Special Fund.” Within the Stadium and Convention Special Fund there will be maintained a Lease Rental Payment Account, a Delinquent Rental Account, a Reserve Account, and an Excess Revenues Account.

There is established within the Lease Rental Payment Account a Stadium Sublease Lease Rental Payment Subaccount and a Convention Center Sublease Lease Rental Payment Subaccount. Within the Delinquent Rental Account there is established a Stadium Sublease Delinquent Rental Subaccount and a Convention Center Sublease Delinquent Rental Subaccount. Within the Reserve Account there is established a Stadium Sublease Reserve Subaccount and a Convention Center Sublease Reserve Subaccount. All such Subaccounts will be held by the Deposit Trustee.

The Building Authority, the Finance Authority, and the OMB acknowledge and agree in the Revenue Deposit Agreement that (i) the payment of amounts from the Stadium and Convention Special Fund to the Trustee with respect to the Board’s lease rental obligations under the Sublease will simultaneously constitute payment of the Board’s lease rental obligations under the Sublease, the payment of the OMB’s lease rental obligations under the Lease, and the payment of principal, interest, and other amounts due from the Building Authority with respect to the Notes; and (ii) the payment of amounts from the Stadium and Convention Special Fund to the Convention Center Bond Trustee with respect to the Board’s lease rental obligations under the Convention Center Sublease will simultaneously constitute payment of the Board’s lease rental obligations under the Convention Center Sublease, the payment of the OMB’s lease rental obligations under the Convention Center Lease and payment of principal, interest, and other amounts due from the Building Authority with respect to the Convention Center Notes.

Deposits into the Stadium and Convention Special Fund. So long as there are any outstanding Obligations, no later than the 21st day of each month the Treasurer of the Board will cause to be deposited into the

Stadium and Convention Special Fund the following received by or on behalf of the Board from the 21st day of the immediately preceding month through and including the 20th day of such month:

- (i) all Excise Tax Revenues;
- (ii) all the Fees;
- (iii) all Additional Marion County Professional Sports Development Area Revenues; and
- (iv) all other Revenues.

Lease Rental Payment Account. Deposits to the Stadium and Convention Special Fund of the Revenue Deposit Agreement will be applied to make the following deposits to the Stadium Sublease Lease Rental Payment Account and Stadium Sublease Delinquent Rental Account. On the twentieth day of each month, commencing on the January 20 immediately preceding each Lease Year, the Deposit Trustee will deposit all amounts received for deposit into the Stadium and Convention Special Fund under the Revenue Deposit Agreement to the respective subaccounts of the Stadium Sublease Lease Rental Payment Subaccount until the aggregate amount deposited during such month equals one-tenth of the Requirement for the Stadium Sublease Lease Rental Payment Subaccount. The Requirement for the Stadium Sublease Lease Rental Payment Subaccount for each Lease Year is equal to the amount of the rental payments payable by the Board to the OMB during each Lease Year. When the Requirement for the Stadium Sublease Lease Rental Payment Subaccount has been satisfied for the current Lease Year, the Deposit Trustee will not deposit any additional amounts to the Stadium Sublease Lease Rental Payment Account until after the next succeeding January 20.

Notwithstanding the foregoing, in the event that the amount or timing of the payment of lease rentals under the Stadium Sublease is amended, pursuant to the Stadium Lease or otherwise, then the deposits to the Stadium and Convention Special Fund will be applied to the Stadium Sublease Lease Rental Payment Account in such amounts and at such times as is necessary to timely pay the lease rentals due under the Stadium Sublease.

Amounts in the Stadium Sublease Lease Rental Payment Account may be used solely to pay the rent due pursuant to the Stadium Sublease and for no other purpose. The Deposit Trustee will transfer out of the Stadium Sublease Lease Rental Payment Account to the Stadium Bond Trustee the amount requested in writing by the Stadium Bond Trustee to make such rental payments when due.

After making the required deposits to the Stadium Sublease Lease Rental Payment Account, the Deposit Trustee will deposit a portion of the remaining amounts received for deposit into the Stadium and Convention Special Fund under the Revenue Deposit Agreement to the Stadium Sublease Delinquent Rental Subaccount in an amount sufficient to meet the Requirement of the Stadium Sublease Delinquent Rental Subaccount. The Requirement for the Stadium Sublease Delinquent Rental Subaccount is equal to the amount of any lease rentals or other amounts to be paid by the Board to the OMB under the Stadium Sublease which were not timely paid and remain unpaid together with interest on any overdue amounts at a rate equal to the effective interest rate on the outstanding Stadium Bonds. Upon deposit in the Stadium Sublease Delinquent Rental Subaccount, the Deposit Trustee will transfer out of the Stadium Sublease Delinquent Rental Subaccount to the Stadium Bond Trustee the amount requested in writing by the Stadium Bond Trustee to satisfy such lease rental payment obligations not timely paid and that remain unpaid; provided that if the OMB has otherwise provided for payment of rental or other amounts due under the Stadium Lease (other than from the Additional Marion County Professional Sports Development Area Revenues, the Fees, or the Excise Tax Revenues), then in such event, the Deposit Trustee will transfer moneys out of the Stadium Sublease Delinquent Rental Subaccount to the OMB to the extent that the OMB has provided for the payment of such rental and other obligations.

Convention Center Sublease Rental Payment Subaccount and Convention Center Sublease Delinquent Rental Subaccount. After making the deposits required above, deposits to the Stadium and Convention Special Fund pursuant to the Revenue Deposit Agreement will be applied to make the following deposits to the Convention Center Sublease Lease Rental Payment Account and Convention Center Sublease Delinquent Rental Account. On

the twentieth day of each month, commencing on the January 20 immediately preceding each Lease Year, the Deposit Trustee will deposit amounts received for deposit into the Stadium and Convention Special Fund under this Revenue Deposit Agreement to the Convention Center Sublease Lease Rental Payment Subaccount until the aggregate amount deposited during such month will equal one-tenth of the Requirement for the Convention Center Sublease Lease Rental Payment Subaccount. The Requirement for the Convention Center Sublease Lease Rental Payment Subaccount for each Lease Year is equal to the amount of the rental payments payable by the Board to the OMB pursuant to the Convention Center Sublease during such Lease Year. When the Requirement for the Convention Center Sublease Lease Rental Payment Subaccount has been satisfied for the current Lease Year (taking into account the credits described in the Revenue Deposit Agreement), the Deposit Trustee will not deposit any additional amounts to the Convention Center Sublease Lease Rental Payment Account until after the next succeeding January 20.

Notwithstanding the foregoing, in the event that the amount or timing of the payment of lease rentals under the Convention Center Sublease is amended pursuant to the Convention Center Sublease or otherwise, then the deposits to the Stadium and Convention Special Fund will be applied to the Convention Center Sublease Lease Rental Payment Account in such amounts and at such times as is necessary to timely pay the lease rentals due under the Convention Center Sublease.

Amounts in the Convention Center Sublease Lease Rental Payment Account may be used solely to pay the rent due pursuant to the Convention Center Sublease and for no other purpose. The Deposit Trustee will transfer out of the Convention Center Sublease Lease Rental Payment Account to the Convention Center Bond Trustee the amount requested in writing by the Convention Center Bond Trustee to make such rental payments when due.

After making the required deposits to the Convention Center Sublease Lease Rental Payment Account described above, the Deposit Trustee will deposit a portion of the remaining amounts received for deposit into the Stadium and Convention Special Fund under the Revenue Deposit Agreement to the Convention Center Sublease Delinquent Rental Subaccount in an amount sufficient to meet the Requirement of the Convention Center Sublease Delinquent Rental Subaccount. The Requirement for the Convention Center Sublease Delinquent Rental Subaccount is equal to the amount of any lease rentals or other amounts to be paid by the Board to the OMB under the Convention Center Sublease which were not timely paid and remain unpaid together with interest on any overdue amounts at a rate equal to the effective interest rate on the outstanding Convention Center Bonds. Upon deposit in the Convention Center Sublease Delinquent Rental Subaccount, the Deposit Trustee will transfer out of the Convention Center Sublease Delinquent Rental Subaccount to the Convention Center Bond Trustee the amount requested in writing by the Convention Center Bond Trustee to satisfy such lease rental payment obligations not timely paid and that remain unpaid; provided that if the OMB has otherwise provided for payment of rental or other amounts due under the Convention Center Lease (other than from the Additional Marion County Professional Sports Development Area Revenues, the Fees, or the Excise Tax Revenues), then in such event, the Deposit Trustee will transfer moneys out of the Convention Center Sublease Delinquent Rental Subaccount to the OMB to the extent that the OMB has provided for the payment of such rental and other obligations.

Project Fund Deposits. Prior to the completion of the Stadium Project, amounts not required for deposit in the Lease Rental Payment Account, or the Delinquent Rental Account, will be deposited into the Project Fund to be held and applied by the Trustee under the Indenture.

Reserve Account. Following the completion of the Stadium Project, and after making the required deposits to the subaccounts of the Lease Rental Payment Account and the subaccounts of the Delinquent Rental Account described above, the Deposit Trustee will deposit a portion of the remaining amounts received for deposit into the Stadium and Convention Special Fund to the respective subaccounts of the Reserve Account in an amount sufficient to meet the respective Requirement of each of the subaccounts of the Reserve Account; provided no deposit will be made to the Convention Center Sublease Reserve Subaccount until the Convention Center Project is complete. The Requirement for the Stadium Sublease Reserve Subaccount is the Reserve Requirement for the Bonds. The Requirement for the Convention Center Sublease Reserve Subaccount is the Reserve Requirement for the Convention Center Bonds. Each subaccount of the Reserve Account may be used solely to pay the lease rentals on the Sublease for which the subaccount was created in the event that moneys on deposit in the subaccount of the Lease Rental Payment Account for such Sublease are not sufficient for that purpose. Amounts not required to be

deposited to the subaccounts of the Lease Rental Payment Account and the Delinquent Rental Account will be next deposited to subaccounts of the Reserve Account pro rata in accordance with the respective amounts of lease rentals payable during the then current Lease Year on the Sublease and Convention Center Sublease.

Excess Revenues Account. Following the completion of the Stadium Project, and after having made the required deposits to the subaccounts of the Lease Rental Payment Account, the subaccounts of the Delinquent Rental Account, and the subaccounts of the Reserve Account described above, the Deposit Trustee will deposit the remaining amounts received for deposit into the Stadium and Convention Special Fund under the Revenue Deposit Agreement to the Excess Revenues Account. The funds in the Excess Revenues Account may be used by the Deposit Trustee only at the written direction of the OMB (i) to prepay Obligations by making transfers therefrom to the Redemption Account of the Indenture or the Convention Center Indenture, as applicable, including to pay a corresponding swap termination payment relating to the redemption of Bonds or Convention Center Bonds, or (ii) to fund the obligations of the Board under the Sublease or the Convention Center Sublease to pay (a) the costs of extraordinary capital improvements to the New Stadium or the Real Estate, or the real estate and improvements which are subject to the Convention Center Sublease and Convention Center Lease, or (b) obligations of the Building Authority arising out of the design, development, and construction of the New Stadium or the Convention Center Project. Any such payments to the Redemption Account of the Indenture held by the Trustee or the Convention Center Trust Indenture held by the Convention Center Bond Trustee, as applicable, for the purpose of redeeming Bonds or Convention Center Bonds, including to pay a corresponding swap termination payment relating to the redemption of Bonds or Convention Center Bonds from the Excess Revenues Account under the Revenue Deposit Agreement will (i) constitute a prepayment of the Board's lease rental obligations under Sublease or Convention Center Sublease, as applicable, and (ii) simultaneously constitute a prepayment of the OMB's lease rental obligations under the Lease or Convention Center Lease, as applicable, and a prepayment of principal, interest, and other obligations of the Building Authority under the Notes, the Loan Agreement, the Convention Center Notes or the Convention Center Loan Agreement, as applicable.

Amount of Required Deposits. In determining the Requirement for each subaccount of Lease Rental Payment Account, the Delinquent Rental Account or the Reserve Account or instead the amount available for deposit into the Excess Revenues Account, there will be taken into account (1) the dates and amounts of required payments from the Lease Rental Payment Account and, if applicable, the Delinquent Rental Account and the Reserve Account; (2) amounts then on deposit in the Lease Rental Payment Account, the Delinquent Rental Account and the Reserve Account; (3) in the case of the Stadium Sublease Lease Rental Payment Subaccount, after July 1, 2008, amounts then on deposit in the General Account of the General Fund established pursuant to the Indenture and amounts then on deposit in the Capitalized Interest Account of the General Fund established pursuant to the Indenture which are allocable to the Sublease and are required to be applied to Debt Service or Expenses in connection with the Bonds in the then current Lease Year; (4) in the case of the Convention Center Sublease Lease Rental Payment Subaccount, amounts then on deposit in any sinking fund established by the Convention Center Trust Indenture and amounts then on deposit in any capitalized interest fund established by the Convention Center Trust Indenture which are allocable to the Convention Center Lease and the Convention Center Sublease and are required to be applied to Debt Service or Expenses in connection with the Convention Center Bonds in the then current Lease Year; and (5) known and determinable amounts of investment income to be deposited in the respective funds, accounts and subaccounts referred to in the preceding clauses (2) through (4) during the then current Lease Year or prior to the next ensuing date or dates on which payments are required to be made therefrom, as the case may be; provided, the Deposit Trustee is not required to take into account the amounts described in this clause (5) in any Lease Year unless directed in writing to do so by the authorized officer of the Finance Authority.

Investment of Funds in the Stadium and Convention Special Fund. At the written direction of the Budget Director, the Deposit Trustee will invest money in the accounts of the Stadium and Convention Special Fund held by it in the Applicable Investment Securities. If the Budget Director fails to give the Deposit Trustee written directions, the Deposit Trustee will invest cash in such accounts in obligations of or guaranteed by the United States of America. Investments in the subaccounts of the Lease Rental Payment Account must mature or be redeemable at the option of the Board prior to the time such amounts will be needed to pay rental payments under the Obligations. Any income from investments of a subaccount will, if that subaccount has a deficit from its Requirement, be retained in such subaccount to meet the Requirement of such subaccount. If the subaccount contains its Requirement, earnings on investments may be applied in the same manner as any other funds available to the

Stadium and Convention Special Fund. The Deposit Trustee may make any and all such investments through its own investment department or that of its affiliates or subsidiaries.

Additional Obligations

Parity Obligations. Additional Obligations payable from the Stadium and Convention Special Fund may be entered into by the Board and the OMB on a parity with any other Obligations theretofore entered and any then in effect only in connection with the issuance of additional bonds for refunding purposes under the Indenture or the Convention Center Trust Indenture or as Completion Obligations and only with the prior written consent of the OMB, the Finance Authority, and the Building Authority.

Junior Obligations. The Board, the Finance Authority, the OMB, the Budget Director, and the Building Authority may agree, from time to time, to the issuance of Junior Obligations which are payable, directly or indirectly, from funds or accounts established under the Revenue Deposit Agreement, which will be subject to the terms and conditions set forth in the Revenue Deposit Agreement, as well as the terms and conditions set forth in the particular supplement to the Revenue Deposit Agreement entered into in connection with such series of Junior Obligations. Any Junior Obligations will not (i) be subject to acceleration of maturity except pursuant to a mandatory sinking fund redemption obligation, and (ii) contain provisions which permit the declaration of an Event of Default under the Revenue Deposit Agreement upon any failure to pay principal of or interest on such Junior Obligation as and when due.

Covenants Regarding Excise Taxes, Fees, Revenues and Existing Obligations

The Board, on behalf of Marion County, Indiana, covenants under the Revenue Deposit Agreement that neither the Additional Admissions Tax, the Additional Marion County Food and Beverage Tax nor the Additional Innkeeper's Tax will be repealed, amended or altered in any manner that would reduce or adversely affect the levy and collection of the Additional Admissions Tax, the Additional Marion County Food and Beverage Tax or the Additional Innkeeper's Tax or reduce the rates or amounts of the Additional Admissions Tax, the Additional Marion County Food and Beverage Tax or the Additional Innkeeper's Tax so long as any Obligation remains unpaid. The Board further covenants that it will not take or fail to take any action which would (i) reduce or adversely affect the levy and collection of the Additional Supplemental Auto Rental Excise Tax, (ii) reduce the rates or amounts of the Additional Supplemental Auto Rental Excise Tax, or (iii) result in a materially adverse reduction in the Revenues so long as any Obligation remains unpaid.

The Board further covenants under the Revenue Deposit Agreement that, unless otherwise agreed by the parties to the Revenue Deposit Agreement, until the Stadium Project is complete and ready for use pursuant to the Sublease, all of the Revenues received by the Board or its designee, which are designated to be used for the Stadium Project and are not required to be deposited into the subaccounts of the Lease Rental Account or the subaccounts of the Delinquent Rental Account, will be deposited with the Trustee to be held in the Project Fund under the Indenture. In consideration therefor, the Building Authority and the Finance Authority covenant that in determining the principal amount of the Bonds to be issued to pay for the Stadium Project, the Building Authority and the Finance Authority will take into account the amount of the Excise Tax Revenues, the Fees and the Additional Marion County Professional Sports Development Area Revenues projected to be deposited by the Board into the Project Fund.

In accordance with Indiana Code 9-18-49-5(d), the Budget Director has directed and agreed to cause any amount of fees for National Football League franchised football team license plates on deposit in the State Capital Projects Fund to be transferred to the Deposit Trustee for deposit in the Stadium and Convention Special Fund.

Subject to the following paragraph and except to the extent that a portion of the Excise Tax Revenues collected after December 31, 2027 have been or will be pledged to the Existing Obligations, the Board covenants in the Revenue Deposit Agreement that it will not pledge or otherwise encumber any of the Excise Tax Revenues, the Fees, the Additional Marion County Professional Sports Development Area Revenues, or the Revenues, except as set forth in the Revenue Deposit Agreement with respect to the issuance of Obligations and Junior Obligations. The Board also covenants that it will not make any amendments to the Marion County Professional Sports Development

Area established by the Board pursuant to IC 36-7-31, without the prior written consent of the OMB and the Finance Authority.

The Board further covenants that, except for pledges in favor of the Existing Obligations, any future pledge by it of the Prior Revenues will expressly exclude revenues received by the Board after December 31, 2027 from the Marion County Food and Beverage Tax levied and collected pursuant to IC 6-9-12 and the Marion County Admissions Tax levied and collected pursuant to IC 6-9-13; provided however, the Board may (i) make any amendments to the Senior Lease to permit that portion of the leased premises under the Senior Lease commonly known as the RCA Dome to be removed, substituted or otherwise released from the leased premises under the Senior Lease, and (ii) issue any obligations determined by the Board to be necessary to substitute a revenue bond obligation for the portion of the Board's lease rental obligation under the Senior Lease attributable to the lease of the RCA Dome, thereby permitting a release of the RCA Dome from the leased premises under the Senior Lease; provided further that, any bonds or other obligations (other than a revenue bond obligation sold or assigned to or deposited with MCCRFA or the Bond Trustee (as such term is defined in the Prior Revenue Deposit Agreement) to replace the Board's existing lease rental obligation attributable to the lease of the RCA Dome) issued in connection with such amendments will expressly exclude from the revenues pledged to secure such obligations, any revenues received by the Board after December 31, 2027 from the Marion County Food and Beverage Tax levied and collected pursuant to IC 6-9-12 and the Marion County Admissions Tax levied and collected pursuant to IC 6-9-13.

Events of Default

Each of the following is an Event of Default under the Revenue Deposit Agreement: (i) failure of the Board or the OMB to deposit moneys into the Stadium and Convention Special Fund as provided in the Revenue Deposit Agreement; and (ii) failure of the Board, the Building Authority, Finance Authority, OMB, or the Budget Director to duly and punctually perform or observe any other of the covenants, agreements or conditions contained in the Revenue Deposit Agreement which continues for sixty (60) days after written notice thereof by the Deposit Trustee to such non-performing party; provided that, if such failure will be such that it can be corrected but it cannot be corrected within such sixty (60) day period, it will not constitute an Event of Default if corrective action is instituted within such period and corrective action is diligently pursued until the failure is corrected.

The Deposit Trustee will promptly give notice setting forth the nature of the Event of Default including the party in default (the "Defaulting Party") to all parties to the Revenue Deposit Agreement, together with a copy of the same to the Trustee and the Convention Center Bond Trustee. The Deposit Trustee may, or upon the request of any party to the Revenue Deposit Agreement will, file suit against the Defaulting Party for specific performance, mandatory injunction, appointment of a receiver or for the enforcement of any other legal or equitable right as the Deposit Trustee, being advised by counsel, will determine.

Deposit Trustee

The Deposit Trustee may be removed at any time, by an instrument or concurrent instruments in writing delivered to the Deposit Trustee and to the Board, and signed by an authorized officer of the Finance Authority or the Owners of a majority of the aggregate principal amount of the outstanding Bonds and Convention Center Bonds and such removal will take effect at the appointment of a successor Deposit Trustee and acceptance by the successor Deposit Trustee. In case the Deposit Trustee under will resign or be removed, or be dissolved, or will be in course of dissolution or liquidation, or otherwise become incapable of acting under the Revenue Deposit Agreement, or in case it will be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the Public Finance Director on behalf of the Finance Authority. Every such Deposit Trustee appointed pursuant to the provisions of the Revenue Deposit Agreement will be a trust company or bank authorized to act as Deposit Trustee within the State of Indiana having a reported capital, surplus and undivided profits of not less than Fifty Million Dollars (\$50,000,000) if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms. If no successor Deposit Trustee has been appointed and have accepted appointment within sixty (60) days after the giving of written notice by the resigning Deposit Trustee as aforesaid, the resigning Deposit Trustee may petition any court of competent jurisdiction for the appointment of a successor.

Supplemental Agreements

Without the Consent of the Owners of the Bonds. The Board, the OMB, the Finance Authority, the Building Authority, the Budget Director, and the Deposit Trustee may without the consent of, or notice to, any of the owners of the Bonds or the Convention Center Bonds, enter into an agreement or agreements supplemental to the Revenue Deposit Agreement which is not inconsistent with the terms and provisions thereof for any one or more of the following purposes: (i) to provide for Additional Obligations in accordance with the provisions hereof; (ii) to make any changes or corrections in the Revenue Deposit Agreement as to which the Finance Authority will have been advised by counsel that the same are verbal corrections or changes or are required for the purpose of curing or correcting any ambiguity or defective or inconsistent provision or omission or mistake or manifest error contained in the Revenue Deposit Agreement, as are necessary or desirable; (iii) to add covenants and agreements of the Board for the purpose of further securing the payment of Obligations; (iv) to surrender any right, power or privilege reserved to or conferred upon the Board by the terms of the Revenue Deposit Agreement; (v) to confirm as further assurance any lien, pledge or charge, or the subjection to any lien, pledge or charge, created or to be created by the provisions of the Revenue Deposit Agreement; (vi) to grant or to confer upon the Owners of Obligations any additional rights, remedies, powers, authority or security that lawfully may be granted to or conferred upon them, or to grant to or confer upon the Deposit Trustee for the benefit of the Owners of Obligations any additional rights, duties, remedies, power or authority; (vii) to make any changes or modifications or amendments, additions or deletions which may be required to permit the Revenue Deposit Agreement to be qualified under the Trust Indenture Act of 1939 of the United States of America or laws analogous thereto applicable to bonds issued by governmental bodies; (viii) to pledge additional moneys, properties or Revenues to the lien of the Revenue Deposit Agreement; and (ix) to make any other change in the Revenue Deposit Agreement which, in the combined judgment of the Board, the Building Authority, the OMB, the Finance Authority, the Deposit Trustee, and the Budget Director, does not have a material adverse effect on the Deposit Trustee or the Owners of Obligations.

Notwithstanding the foregoing, the Board, the Building Authority, the OMB, the Finance Authority, the Budget Director, and the Deposit Trustee may, without the consent of, or notice to, any of the Owners of Bonds, enter into an agreement or agreements supplemental to the Revenue Deposit Agreement so long as such agreement or agreements affect the rights or interests of only those Owners of Junior Obligations.

The Indenture provides additional conditions upon the ability of the Finance Authority to enter into amendments to the Revenue Deposit Agreement without the consent of the Owners of the Bonds. See “THE INDENTURE – Supplemental Indentures, Loan Agreements, Revenue Deposit Agreements, Subleases, Leases and Amendments to Related Documents – *Supplemental Loan Agreements and Supplemental Revenue Deposit Agreements Not Requiring Consent of Bondholders*”.

With the Consent of the Owners of the Bonds. With the consent of the Owners of a majority of aggregate principal amount of the outstanding Bonds and Convention Center Bonds, the Board, the OMB, the Finance Authority, the Building Authority, the Budget Director, Deposit Trustee, from time to time and at any time, may enter into an agreement or agreements supplemental to the Revenue Deposit Agreement for the purpose of adding any provisions to, or changing in any manner or eliminating any of the provisions of, the Revenue Deposit Agreement, or modifying or amending the rights and obligations of the Board, the OMB, the Finance Authority, the Building Authority, the Budget Director, and the Deposit Trustee under the Revenue Deposit Agreement, or modifying or amending in any manner the rights of the Owners of Obligations then outstanding. However, without the specific consent of the Owner of each Obligation which would be affected thereby, no such supplemental agreement or agreements will: (i) change the dates for or amounts of the payments on the Obligations; (ii) reduce the percentage of the aggregate principal amount of outstanding Bonds and Convention Center Bonds which are required to consent to any supplemental agreement amending or supplementing the provisions of the Revenue Deposit Agreement; (iii) give to any Obligation any preference over any other Obligation secured hereby, except as provided therein and in the Revenue Deposit Agreement; (iv) authorize the creation of any pledge of or lien and charge on, or create a pledge of or lien and charge on, the Excise Tax Revenues, the Fees, the Additional Marion County Professional Sports Development Area Revenues, any other Revenues pledged by the Board under the Revenue Deposit Agreement or any other trust funds prior, superior or equal to the pledge of or lien and charge on such Revenues and other trust funds created therein for the payment of the Obligations; or (v) deprive the Owner of an Obligation of the security afforded by the Revenue Deposit Agreement.

Notwithstanding the foregoing, the Board, the OMB, the Finance Authority, the Building Authority, the Budget Director, and the Deposit Trustee may, without the consent of, or notice to, any of the Owners of Obligations, enter into an agreement or agreements supplemental to the Revenue Deposit Agreement so long as such agreement or agreements affect the rights or interests of only those Owners of Junior Obligations.

The Indenture provides additional conditions upon the ability of the Finance Authority to enter into amendments to the Revenue Deposit Agreement with the consent of the Owners of the Bonds. See “THE INDENTURE--Supplemental Indentures, Loan Agreements, Revenue Deposit Agreements, Subleases, Leases and Amendments to Related Documents--*Supplemental Loan Agreements and Supplemental Revenue Deposit Agreements Requiring Consent of Bondholders*”.

Defeasance; Early Termination

Except as provided below, if (1) the Board pays, or causes to be paid, or makes provision for payment, or there will otherwise be paid, to the Owners of all outstanding Obligations all amounts due under the provisions of such Obligations and the Revenue Deposit Agreement, and (2) the Board pays all expenses and fees of the Deposit Trustee, the Finance Authority, the OMB, the Budget Director, and the Building Authority, then the pledge of any Excise Tax Revenues, any Fees, any Additional Marion County Professional Sports Development Area Revenues, any other Revenues pledged by the Board under the Revenue Deposit Agreement and other moneys and securities pledged under the Revenue Deposit Agreement and all covenants, agreements and other obligations of the Board will thereupon cease, terminate and become void and be discharged and satisfied.

In the event that the Sublease is terminated early (see “THE SUBLEASE -- Early Termination”), the Revenue Deposit Agreement will remain effective and all funds deposited thereunder will be used by the Deposit Trustee to pay the fees, expenses, and any other obligations of the Board and Building Authority, including the fees, expenses, and any other obligations of Building Authority related to the planning, completion, or financing of the Stadium Project, including without limitation payment of costs of any land acquisition expenses, and any architectural, engineering, financial, and legal fees. If (1) the Board will pay, or cause to be paid, or make provision for payment, or there will otherwise be paid, such fees, expenses and obligations of the Building Authority, and (2) the conditions set forth in the preceding paragraph above have been satisfied, then the pledge of any Excise Tax Revenues, any Fees, any Additional Marion County Professional Sports Development Area Revenues, any other Revenues pledged by the Board under the Revenue Deposit Agreement and other moneys and securities pledged under the Revenue Deposit Agreement and all covenants, agreements and other obligations of the Board will thereupon cease, terminate and become void and be discharged and satisfied.

APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF STATE AND BOARD CONTINUING DISCLOSURE AGREEMENTS

Pursuant to disclosure requirements set forth in Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission (the “SEC”), the State, acting by and through the State Budget Agency, and the Finance Authority entered into a Continuing Disclosure Agreement with the Trustee under the Indenture (the “Counterparty”), upon the issuance of the Series 2005A Bonds (the “Series 2005A State Continuing Disclosure Agreement”), and a Continuing Disclosure Agreement with the Counterparty, upon the issuance of the Series 2007A Bonds (the “Series 2007A State Continuing Disclosure Agreement” and, together with the Series 2005A State Continuing Disclosure Agreement, the “State Continuing Disclosure Agreements”). Under the State Continuing Disclosure Agreement for the Series 2005A/2007A Bonds of each series, the State has agreed to provide or cause to be provided the following annual financial information and operating data, as long as the State is an “obligated person” (within the meaning of the Rule) with respect to the Series 2005A/2007A Bonds of such series (or until such time as the Series 2005A/2007A Bonds of such series may be defeased or paid in full, all as more fully set forth in such State Continuing Disclosure Agreement):

1. Audited Financial Statements. To each nationally recognized municipal securities information repository (“NRMSIR”) and to the Indiana state information depository, if any (the “State Depository”), when and if available, the audited financial statements of the State for each fiscal year of the State, together with all notes thereto; if audited financial statements are not available within 220 days following the close of the fiscal year of the State, the State Annual Information (as defined below) will contain unaudited financial statements of the State, and the audited financial statements will be filed in the same manner as the State Annual Information when they become available;

2. Financial Information in Official Statement. To each NRMSIR and to the State Depository, if any, within 220 days of the close of the fiscal year of the State, financial information, other than the audited or unaudited financial statements described above, and operating data of the State of the type provided in APPENDIX A – “FINANCIAL AND ECONOMIC STATEMENT FOR STATE OF INDIANA” to this Official Statement; and

3. Local Revenues. To each NRMSIR and to the State Depository, if any, within 220 days after the close of the fiscal year of the State, an annual statement which sets forth the amounts of the Local Revenues (as outlined in APPENDIX B to this Official Statement) collected by the State.

(The information described in items 1, 2 and 3 above is referred to as the “State Annual Information.”)

Pursuant to the terms of the State Continuing Disclosure Agreement for the Series 2005A/2007A Bonds of each series, the Finance Authority (and the State, but only to the extent the State has actual knowledge of such event) has agreed to provide, either directly or indirectly, in a timely manner, to each NRMSIR or to the Municipal Securities Rulemaking Board (the “MSRB”), and to the State Depository, if any, notice of any of the following events with respect to the Series 2005A/2007A Bonds of such series, if material:

- principal and interest payment delinquencies;
- non-payment related defaults;
- unscheduled draws on debt service reserves reflecting financial difficulties;
- unscheduled draws on credit enhancements reflecting financial difficulties;
- substitution of credit or liquidity providers, or their failure to perform;
- adverse tax opinions or events affecting the tax-exempt status of the security;
- modifications to the rights of security holders;
- bond calls (other than mandatory, scheduled redemptions, not otherwise contingent upon the occurrence of an event, the terms of which redemptions are set forth in detail in this Official Statement);

- defeasances;
- release, substitution or sale of property securing repayment of the securities; and
- rating changes.

Notwithstanding the foregoing, any information required to be provided by the State or the Finance Authority to each NRMSIR and the State Depository, if any, as described above may, instead, be provided to DisclosureUSA, but only for so long as the conditions for the interpretation made by the SEC in the Response (as hereinafter defined) continue to be met. “DisclosureUSA” means the Internet-based electronic filing system created by the Municipal Advisory Council of Texas for the purpose of facilitating compliance by issuers and obligated persons (both as defined in the Rule) with continuing disclosure agreements entered into to satisfy the obligations of underwriters (as defined in the Rule). “Response” means the interpretive letter, dated September 7, 2004, released by the Division of Market Regulation of the SEC regarding DisclosureUSA.

Pursuant to a Continuing Disclosure Agreement of the Board, entered into upon the issuance of the Series 2005A Bonds (the “Series 2005A Board Continuing Disclosure Agreement”), and a Continuing Disclosure Agreement of the Board, entered into upon the issuance of the Series 2007A Bonds (the “Series 2007A Board Continuing Disclosure Agreement” and, together with the Series 2005A Board Continuing Disclosure Agreement, the “Board Continuing Disclosure Agreements”), ending in 2029 for the Board’s fiscal year ended December 31, 2028 (unless the Prior Board Obligations, as defined in APPENDIX B of this Official Statement, have been retired earlier or later, in which case ending with the Board’s fiscal year during which such obligations were retired), the Board has agreed to provide to each NRMSIR and to the State Depository, if any, when and if available, the audited financial statements of the Board of the type previously provided by the Board under the Rule or in such other form or format as the Board determines is in compliance with the Rule within 210 days of the end of each fiscal year of the Board. If for any reason the audited financial statements are not available to the Board, then the Board will file unaudited financial statements of the Board of the type described in the Board Continuing Disclosure Agreements, and, when available, the audited financial statements and will also provide updated historical information and data of the type provided in each of the five financial tables contained in APPENDIX B of this Official Statement within 210 days of the end of each fiscal year of the Board. (The information described in this paragraph is referred to as the “Board Annual Information.”)

Notwithstanding the foregoing, any information required to be provided by the Board to each NRMSIR and the State Depository, if any, as described above may, instead, be provided by the Board to DisclosureUSA, but only for so long as the conditions for the interpretation made by the SEC in the Response continue to be met. “DisclosureUSA” means the Internet-based electronic filing system created by the Municipal Advisory Council of Texas for the purpose of facilitating compliance by issuers and obligated persons (both as defined in the Rule) with continuing disclosure agreements entered into to satisfy the obligations of underwriters (as defined in the Rule). “Response” means the interpretive letter, dated September 7, 2004, released by the Division of Market Regulation of the SEC regarding DisclosureUSA.

Counterparty’s Obligations

The Counterparty will have no responsibility to ascertain the truth, completeness, timeliness or accuracy of the information provided as required in the State Continuing Disclosure Agreements by the State or the Finance Authority, nor as to its sufficiency for purposes of compliance with the Rule or the requirements of the State Continuing Disclosure Agreements. If the Counterparty does not receive any Annual Financial Information by the date which is ten days before the date required under the State Continuing Disclosure Agreements, the Counterparty will notify the Finance Authority and the State, via registered or certified mail, that it has not received such Annual Financial Information.

To the extent permitted by law, each of the State and the Finance Authority releases the Counterparty from, agrees that the Counterparty will not be liable for, and agrees to indemnify and hold the Counterparty harmless from, any liability for, or expense (including but not limited to reasonable attorney fees) resulting from, or any loss or damage that may be occasioned by any cause whatsoever pertaining to the State Continuing Disclosure Agreements or the actions taken or to be taken by the Counterparty under the State Continuing Disclosure Agreements, except the gross negligence or willful misconduct of the Counterparty.

Failure to Disclose

In a timely manner, the State will notify, either directly or indirectly through the Counterparty, the Trustee or a designated agent, each NRMSIR or the MSRB, and the State Depository, if any, of a failure of the State to provide the State Annual Information on or before the dates specified in the State Continuing Disclosure Agreements. If any State Annual Information can no longer be provided because the operations to which it relates have been materially changed or discontinued, a statement to that effect provided by the State to each NRMSIR and to the State Depository, if any, will satisfy the State's undertaking to provide such State Annual Information.

In a timely manner, the Board shall notify, either directly or indirectly, each NRMSIR and the State Depository, if any, of a failure of the Board to provide the Board Annual Information on or before the dates specified in the Board Continuing Disclosure Agreements.

Accounting Principles

The accounting principles pursuant to which the State's and the Board's financial statements are to be prepared will be generally accepted accounting principles, as in effect from time to time, or those mandated by State law from time to time.

Remedies

The sole and exclusive remedy for any breach or violation by (i) the State or the Finance Authority of any obligation of the State or the Finance Authority under either State Continuing Disclosure Agreement or (ii) the Board of any obligation of the Board under either Board Continuing Disclosure Agreement, will be for specific performance of their respective obligations thereunder. No holder or beneficial owner of any Series 2005A/2007A Bond of either series will have any right to monetary damages or any other remedy for any breach or violation by the State or the Finance Authority of any obligation of the State or the Finance Authority under the State Continuing Disclosure Agreement for the Series 2005A/2007A Bonds of such series or by the Board of any obligation under the Board Continuing Disclosure Agreement for the Series 2005A/2007A Bonds of such series, except the remedy of specific performance by the State or the Finance Authority or by the Board, respectively, of such obligation. Failure on the part of the State or the Finance Authority to honor its covenants under either State Continuing Disclosure Agreement or by the Board to honor its covenants under either Board Continuing Disclosure Agreement will not constitute a breach or violation of or default under the Series 2005A Bonds, the Series 2007A Bonds or the Indenture.

Any action, suit or other proceeding for any breach or violation by the State or the Finance Authority of any obligation of the State or the Finance Authority under either State Continuing Disclosure Agreement or by the Board of any obligation under either Board Continuing Disclosure Agreement must be instituted, prosecuted and maintained only in a court of competent jurisdiction in Marion County, Indiana. No action, suit or other proceeding for any breach or violation by the State or the Finance Authority of any obligation of the State or the Finance Authority under the State Continuing Disclosure Agreement for the Series 2005A/2007A Bonds of either series or by the Board of any obligation of the Board under the Board Continuing Disclosure Agreement for the Series 2005A/2007A Bonds of either series may be instituted, prosecuted or maintained by any holder or beneficial owner of any Series 2005A/2007A Bond of either series, unless, prior to instituting such action, suit or other proceeding: (i) such holder or beneficial owner has given the State and the Finance Authority, or the Board, as applicable, notice of such breach or violation and demand for performance; and (ii) the State or the Finance Authority has failed to cure such breach or violation within 60 days after such notice, or the Board has failed to cure such breach or violation within 45 days after the mailing of such notice. Any failure by any holder or beneficial owner of any Series 2005A/2007A Bonds of either series to institute any suit, action or other proceeding for any breach or violation by (i) the State or the Finance Authority, or the Board, as applicable, of any obligation of the State or the Finance Authority under the State Continuing Disclosure Agreement for the Series 2005A/2007A Bonds of such series or (ii) by the Board of any obligation of the Board under the Board Continuing Disclosure Agreement for the Series 2005A/2007A Bonds of such series, within 360 days after the date such holder or beneficial owner first has actual or constructive knowledge of such breach or violation, will constitute a waiver by such holder or beneficial owner of such breach or violation, and, after such waiver, no remedy will be available to such holder or beneficial owner for such breach or violation.

Annual Appropriations

The State Continuing Disclosure Agreements and the obligations of the State or the Finance Authority thereunder are subject to appropriation by the General Assembly or the members of the Finance Authority, respectively.

Amendment

The State, the Finance Authority and the Counterparty or the Board, as applicable, may, from time to time, amend any obligation of the State, the Finance Authority or the Counterparty under the State Continuing Disclosure Agreement for the Series 2005A/2007A Bonds of either series or amend any obligation of the Board under the Board Continuing Disclosure Agreement for the Series 2005A/2007A Bonds of either series, without notice to or consent from any of the holders or the beneficial owners of the Series 2005A/2007A Bonds of such series, if: (a) (i) such amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the State or the Finance Authority, or the Board, as applicable, or type of business conducted by any such parties, (ii) such State Continuing Disclosure Agreement or Board Continuing Disclosure Agreement, as so amended, would have complied with the requirements of the Rule on the date of such State Continuing Disclosure Agreement or Board Continuing Disclosure Agreement, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and (iii) such amendment does not materially impair the interests of the holders or beneficial owners of the Series 2005A/2007A Bonds of such series, as determined either by (A) any person selected by the State or the Finance Authority, or the Board, as applicable, that is unaffiliated with the State or the Finance Authority (such as the Counterparty or the Trustee), or the Board, as applicable, or (B) an approving vote of the holders of the requisite percentage of Series 2005A/2007A Bonds of such series, as required under the Indenture at the time of such amendment; or (b) such amendment is otherwise permitted by the Rule.

The State Annual Information or Board Annual Information, as applicable, for the fiscal year during which any such amendment occurs that contains the amended State Annual Information or Board Annual Information, as applicable, will explain, in narrative form, the reasons for such amendment and the impact of the change in the type of State Annual Information or Board Annual Information, as applicable, being provided.

Compliance with Previous Undertakings

In the previous five years, the Finance Authority has never failed to comply, in all material respects, with any previous undertakings in a written contract or agreement that it entered into pursuant to subsection (b)(5) of the Rule.

Availability of Copies of Agreements

Copies of the State Continuing Disclosure Agreements and the Board Continuing Disclosure Agreements are available from the Finance Authority upon request.

APPENDIX E

BANKS

JPMorgan Chase Bank, National Association

JPMorgan Chase Bank, National Association (“JPMorgan Chase Bank”) is a wholly owned bank subsidiary of JPMorgan Chase & Co., a Delaware corporation whose principal office is located in New York, New York. JPMorgan Chase Bank offers a wide range of banking services to its customers, both domestically and internationally. It is chartered and its business is subject to examination and regulation by the Office of the Comptroller of the Currency.

As of September 30, 2007, JPMorgan Chase Bank had total assets of \$1,244.0 billion, total net loans of \$456.4 billion, total deposits of \$699.0 billion, and total stockholder’s equity of \$102.9 billion. These figures are extracted from JPMorgan Chase Bank’s unaudited Consolidated Reports of Condition and Income as at September 30, 2007, prepared in accordance with regulatory instructions that do not in all cases follow U.S. generally accepted accounting principles, which are filed with the Federal Deposit Insurance Corporation.

Additional information, including the most recent Form 10-K for the year ended December 31, 2006, of JPMorgan Chase & Co., the 2006 Annual Report of JPMorgan Chase & Co., and additional annual, quarterly and current reports filed with or furnished to the Securities and Exchange Commission by JPMorgan Chase & Co., as they become available, may be obtained without charge by each person to whom this Official Statement is delivered upon the written request of any such person to the Office of the Secretary, JPMorgan Chase & Co., 270 Park Avenue, New York, New York 10017.

The information contained under the caption “JPMorgan Chase Bank, National Association” in this Appendix relates to and has been obtained from JPMorgan Chase Bank. The delivery of this Official Statement shall not create any implication that there has been no change in the affairs of JPMorgan Chase Bank since the date hereof, or that the information contained or referred to under such caption in this Appendix is correct as of any time subsequent to its date.

Dexia Credit Local

Dexia Credit Local (“Dexia”) is a subsidiary of the Dexia Group, which was created in 1996. The Dexia Group is a major European banking organization that is the product of several cross-border mergers. Dexia is an authentically European bank in terms of both its management organization and the scope of its different lines of business. The Dexia Group is listed on the Brussels, Paris and Luxembourg stock exchanges. With a stock market capitalization of over 24 billion euros as of December 31, 2006, the Dexia Group ranks in the top third of the Euronext 100 companies.

Dexia specializes in the Dexia Group’s first line of business – public and project finance and financial services for the public sector. Dexia has recognized expertise in local public sector financing and project finance. It is backed by a network of specialized banks, which employ over 3,500 professionals. Through this network of subsidiaries, affiliates and branches, Dexia is present in almost all of the countries of the European Union as well as Central Europe, the United States of America and Canada. Dexia also has operations in Latin America, the Asian-Pacific Region including Australia, and the countries around the Mediterranean.

Dexia is a bank with its principal office located in Paris, France. In issuing the facility, Dexia will act through its New York Branch, which is licensed by the Banking Department of the State of New York as an unincorporated branch of Dexia Credit Local, Paris. Dexia is the leading local authority lender in Europe, funding its lending activities in 2006 primarily through the issuance of euro and U.S. dollar-denominated bonds. In 2006, total funding raised by Dexia and Dexia Municipal Agency was 15.7 billion euros.

The Dexia Group is the owner of Financial Security Assurance Holdings Ltd. (“FSA Holdings”), the holding company for Financial Security Assurance Inc., a leading financial guaranty insurer.

As of December 31, 2006, Dexia had total consolidated assets of 304 billion euros, outstanding medium and long-term loans to customers of 241 billion euros and shareholders' equity of over 7.98 billion euros (Tier I plus Tier II), and for the year then ended had consolidated net income of 1.082 billion euros. These figures were determined in accordance with generally accepted accounting principles in France. Dexia maintains its records and prepares its financial statements in euros. At December 31, 2006, the exchange rate was 1.0000 euro equals 1.317 United States dollar. Such exchange rate fluctuates from time to time.

Dexia is rated Aa1 long-term and P-1 short-term by Moody's, AA long-term and A-1+ short-term by S&P, and AA+ long-term and F1+ short-term by Fitch.

Dexia will provide without charge a copy of its most recent publicly available annual report. Written requests should be directed to: Dexia Credit Local, New York Branch, 445 Park Avenue, 7th Floor, New York, New York 10022, Attention: General Manager. The delivery of this information shall not create any implication that the information contained or referred to herein is correct as of any time subsequent to its date.

The Bank of New York

The Bank of New York ("BNY") is one of the two principal banking subsidiaries of The Bank of New York Mellon Corporation (NYSE: BK), a bank holding company (the "BNY Holding Company"). The BNY Holding Company is the surviving entity from the merger of The Bank of New York Company, Inc. and Mellon Financial Corporation, which was effective on July 1, 2007. The BNY Holding Company has annual revenues of approximately \$13 billion and pro-forma market capitalization of approximately \$50 billion. The BNY Holding Company is headquartered in New York City and has 40,000 employees around the world.

BNY was founded in 1784 by Alexander Hamilton and is the nation's oldest bank. BNY is a state chartered New York banking corporation and a member of the Federal Reserve System. Its business is subject to examination and regulation by federal and state banking authorities.

BNY has long-term senior debt ratings of "Aaa"/ "AA-" and short-term ratings of "P-1"/ "A-1+" from Moody's Investors Services, Inc. and Standard and Poor's Rating Services, respectively. BNY's principal office is located at One Wall Street, New York, New York 10286. A copy of the most recent SEC filings for the BNY Holding Company, as well as historical filings for The Bank of New York Company, Inc. and Mellon Financial Corporation, including their Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8 K, may be obtained from BNY's Public Relations Department, One Wall Street, 31st Floor, (212) 635-1569.

RBS Citizens, National Association

RBS Citizens, National Association ("RBS Citizens") is a national banking association with its main office in Providence, Rhode Island. Except for directors' qualifying shares, RBS Citizens is a wholly-owned subsidiary of Citizens Financial Group, Inc. ("Citizens"). Citizens is also the parent holding company for Citizens Bank of Pennsylvania and numerous other non-bank entities, and is owned by The Royal Bank of Scotland Group plc ("RBS"). RBS acquired Citizens in 1988.

RBS Citizens was chartered in May 2005 under the name "Citizens Bank, National Association". RBS Citizens' name changed from "Citizens Bank, National Association" to "RBS Citizens, National Association" in connection with the mergers of each of the following Citizens subsidiaries — Charter One Bank, National Association, RBS National Bank, Citizens Bank of Massachusetts, Citizens Bank of Connecticut, Citizens Bank New Hampshire, Citizens Bank of Rhode Island, and Citizens Bank (Delaware) — with and into Citizens Bank, National Association. Citizens Bank, National Association survived these mergers under its charter and with the new title of RBS Citizens, National Association. These mergers (as well as the name change) were effective as of September 1, 2007.

RBS Citizens offers a wide range of retail and commercial banking services. Its loan portfolio is divided between commercial loans, including leases and commercial real estate loans, and consumer loans, including

residential real estate mortgage loans. RBS Citizens does business through its divisions, including Citizens Bank, Charter One, CCO Mortgage and RBS Card Services.

RBS Citizens is subject to supervision and examination by the Office of the Comptroller of the Currency. It is also subject to requirements and restrictions under federal and state law, including requirements to maintain reserves against deposits, restrictions on the types and amounts of loans that may be granted and the interest that may be charged thereon, and limitations on the types of investments that may be made and the types of services that may be offered. Various consumer laws and regulations also affect RBS Citizens' operations.

The Standby Purchase Agreement is an obligation of RBS Citizens, and is not an obligation of Citizens, RBS or any of their other subsidiaries or affiliates.

Citizens is a Providence-based commercial bank holding company. As of December 31, 2007, Citizens had \$160.3 billion in assets, total equity capital of \$22.4 billion, total deposits of \$102.4 billion, total loans and leases before allowance for loan losses of \$111.8 billion (\$110.8 net of allowance) and 22,671 full time equivalent employees.

As of June 30, 2007, RBS Citizens had 1,262 branches. As of December 31, 2007 RBS Citizens had total assets of \$128.9 billion, total deposits of \$77.5 billion, total loans and leases before allowance for loan losses of \$92.3 billion (\$91.5 billion net of allowance), and total equity capital of \$17.9 billion.

The foregoing summary information is provided for convenience purposes only. Important additional information with respect to Citizens and RBS Citizens is contained in the publicly available portions of RBS Citizens' Consolidated Reports of Condition and Income for a Bank with Domestic and Foreign Offices - FFIEC 031, as submitted to the Federal Deposit Insurance Corporation.

Except as set forth under the caption "RBS Citizens, National Association" in this Appendix, neither RBS Citizens nor its affiliates make any representations as to the contents of this Official Statement, the suitability of the security instruments for any investor, the feasibility or performance of any project or compliance with any securities or tax laws and regulations.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2005A/2007A Bonds (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each maturity of the Securities, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at **www.dtcc.com** and **www.dtc.org**.

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults and proposed amendments to

the security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Securities within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Securities unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Finance Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Finance Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee or any other Fiduciary or the Finance Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Finance Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to the Tender Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to the Tender Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants in DTC's records and followed by a book-entry credit of tendered Securities to the Tender Agent's DTC account.

DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to the Finance Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

The Finance Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, security certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Finance Authority believes to be reliable, but the Finance Authority takes no responsibility for the accuracy thereof.

Notwithstanding any provision of the Indenture, so long as any Series 2005A/2007A Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal, interest and all notices with respect to the Series 2005A/2007A Bonds shall be made or given in accordance with DTC's rules and procedures.

Revision of Book-Entry-Only System

In the event that either (1) the Finance Authority receives notice from DTC to the effect that DTC is unable or unwilling to discharge its responsibilities as a clearing agency for the Series 2005A/2007A Bonds or (2) the Finance Authority elects to discontinue its use of DTC as a clearing agency for the Series 2005A/2007A Bonds, then

the Finance Authority and the Trustee will do or perform or cause to be done or performed all acts or things, not adverse to the rights of the holders of the Series 2005A/2007A Bonds, as are necessary or appropriate to discontinue use of DTC as a clearing agency for the Series 2005A/2007A Bonds and to transfer the ownership of each of the Series 2005A/2007A Bonds to such person or persons, including any other clearing agency, as the holder of such Series 2005A/2007A Bonds may direct in accordance with the Indenture. Any expenses of such a discontinuation and transfer, including any expenses of printing new certificates to evidence the Series 2005A/2007A Bonds, will be paid by the Finance Authority.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX G

PRIOR BOARD OBLIGATIONS

Marion County Convention and Recreational Facilities Authority's Senior Bonds and Subordinate Bonds and Capital Improvement Board's 1999 Subordinate Obligations

Bond Year Ending June 1										
						Subordinated Issues Debt Service				
	Senior Bonds Debt Service						Board's 1999 Subordinate Obligations			
	1995A Bonds	1997A Senior Bonds	2001A Bonds	2003A Bonds	Total Senior Debt Service	1997 Bonds		Total Subordinate Debt Service	Total Debt Service	Bond Year Ending June 1
2008 ⁽¹⁾	988,635.00	1,046,000.00	4,830,325.00	6,254,375.00	13,119,335.00	14,040,840.00	5,012,637.50	19,053,477.50	32,172,812.50	2008
2009	987,703.75	1,046,000.00	4,827,325.00	6,250,375.00	13,111,403.75	14,334,950.00	2,586,387.50	16,921,337.50	30,032,741.25	2009
2010	988,822.50	1,046,000.00	4,833,575.00	6,255,625.00	13,124,022.50	14,619,460.00	2,589,287.50	17,208,747.50	30,332,770.00	2010
2011	986,622.50	1,046,000.00	4,828,325.00	6,247,125.00	13,108,072.50	14,881,500.00	2,587,456.25	17,468,956.25	30,577,028.75	2011
2012	989,905.00	1,046,000.00	4,826,825.00	6,248,825.00	13,111,555.00	14,877,250.00	2,585,731.25	17,462,981.25	30,574,536.25	2012
2013	989,035.00	1,046,000.00	4,829,250.00	6,247,875.00	13,112,160.00	14,877,000.00	2,585,681.25	17,462,681.25	30,574,841.25	2013
2014	989,012.50	1,046,000.00	4,832,875.00	6,249,050.00	13,116,937.50	14,876,250.00	2,590,000.00	17,466,250.00	30,583,187.50	2014
2015	989,460.00	1,046,000.00	4,832,150.00	6,248,250.00	13,115,860.00	14,879,500.00	2,588,000.00	17,467,500.00	30,583,360.00	2015
2016	0.00	1,046,000.00	4,831,800.00	6,251,250.00	12,129,050.00	15,866,000.00	2,586,750.00	18,452,750.00	30,581,800.00	2016
2017	0.00	1,046,000.00	4,831,275.00	6,253,000.00	12,130,275.00	15,868,500.00	2,586,000.00	18,454,500.00	30,584,775.00	2017
2018	0.00	1,046,000.00	4,830,025.00	6,248,000.00	12,124,025.00	15,868,250.00	2,590,500.00	18,458,750.00	30,582,775.00	2018
2019	0.00	1,046,000.00	4,827,500.00	6,251,000.00	12,124,500.00	15,864,750.00	2,589,750.00	18,454,500.00	30,579,000.00	2019
2020	0.00	1,046,000.00	4,829,000.00	6,251,000.00	12,126,000.00	15,866,250.00	2,588,750.00	18,455,000.00	30,581,000.00	2020
2021	0.00	1,046,000.00	4,830,000.00	6,247,500.00	12,123,500.00	15,871,500.00	2,987,250.00	18,858,750.00	30,982,250.00	2021
2022	0.00	4,121,000.00	0.00	0.00	4,121,000.00	23,874,250.00	0.00	23,874,250.00	27,995,250.00	2022
2023	0.00	4,122,250.00	0.00	0.00	4,122,250.00	23,873,500.00	0.00	23,873,500.00	27,995,750.00	2023
2024	0.00	4,120,750.00	0.00	0.00	4,120,750.00	23,878,250.00	0.00	23,878,250.00	27,999,000.00	2024
2025	0.00	4,121,250.00	0.00	0.00	4,121,250.00	23,876,000.00	0.00	23,876,000.00	27,997,250.00	2025
2026	0.00	4,123,250.00	0.00	0.00	4,123,250.00	23,874,750.00	0.00	23,874,750.00	27,998,000.00	2026
2027	0.00	4,121,250.00	0.00	0.00	4,121,250.00	23,877,000.00	0.00	23,877,000.00	27,998,250.00	2027

⁽¹⁾ Includes interest due on December 1, 2007, for the bond year ending June 1, 2008, that has been paid as scheduled.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX H

FORM OF OPINIONS OF BOND COUNSEL

[THIS PAGE INTENTIONALLY LEFT BLANK]

Original Opinion of Bond Counsel

Series 2005A Bonds

Upon delivery of the Series 2005A Bonds, Barnes & Thornburg LLP, Bond Counsel, delivered an opinion substantially in the following form. Such opinion spoke only as of its date. Bond Counsel has not been engaged or undertaken to determine the correctness of such opinion as of any date other than the date thereof, or to revise or supplement such opinion to reflect any facts or circumstances that may have come to its attention since the date thereof or any change in law that may have occurred since the date thereof. The inclusion of such opinion in this Official Statement shall not constitute any reissuance or republication of such opinion.

October 13, 2005

Indiana Finance Authority
Indianapolis, Indiana

Re: Indiana Finance Authority
Lease Appropriation Bonds (Stadium Project), Series 2005 A

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the Indiana Finance Authority (the “Issuer”) of its Lease Appropriation Bonds (Stadium Project), Series 2005 A, dated October 13, 2005 (the “Bonds”), in the aggregate principal amount of \$400,000,000, pursuant to Indiana Code 4-4-11, as amended, and a Trust Indenture between the Issuer and The Bank of New York Trust Company, N.A., as trustee (the “Trustee”), dated as of October 1, 2005 (the “Indenture”). We have examined the law and such certified proceedings for the authorization, issuance and sale of the Bonds and such other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the Indenture, the certified proceedings for the authorization, issuance and sale of the Bonds and other certifications of public officials furnished to us, and certifications, representations and other information furnished to us by or on behalf of the Issuer, the Indiana Stadium and Convention Center Building Authority (the “Building Authority”), and others, including certifications contained in the tax and arbitrage certificate of the Issuer, dated the date hereof, without undertaking to verify the same by independent investigation. We have relied upon the opinion of Ice Miller, Indianapolis, Indiana, counsel to the Building Authority, dated the date hereof, as to the matters stated therein and the opinion of Bingham McHale LLP, Indianapolis, Indiana, counsel to the Capital Improvement Board of Managers of Marion County, dated the date hereof, as to the matters stated therein.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Issuer is a body politic and corporate, not a state agency, but an independent instrumentality of the State of Indiana (the “State”) exercising essential public functions, validly existing under the laws of the State, with the corporate power to execute and deliver the Indenture and to issue, execute and deliver the Bonds.
2. The Bonds have been duly authorized, executed and delivered by the Issuer, and are valid and binding limited obligations of the Issuer, enforceable in accordance with their terms. The Bonds are payable solely from the Trust Estate (as defined in the Indenture).
3. The Indenture has been duly authorized, executed and delivered by the Issuer, and is a valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms.

4. Under Section 103 of the Internal Revenue Code of 1986, as amended and in effect on this date (the "Code"), the interest on the Bonds is excluded from gross income for federal income tax purposes. The opinion set forth in the preceding sentence is subject to the condition that each of the Issuer and the Building Authority comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Each of the Issuer and the Building Authority has covenanted or represented that it will comply with such requirements. Failure to comply with certain of such requirements may cause the interest on the Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. We express no opinion regarding the effect on the excludability of the interest on the Bonds from gross income for federal income tax purposes of a change in the Mode (as defined in the Indenture) of the Bonds from the PARs Mode (as defined in the Indenture) to any other Mode or the delivery of a Liquidity Facility (as defined in the Indenture) to the Trustee.

5. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings.

6. Interest on the Bonds is exempt from income taxation in the State of Indiana (the "State") for all purposes except the State financial institutions tax.

We express no opinion regarding any tax consequences arising with respect to the Bonds, other than as expressly set forth herein.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement, dated October 6, 2005, or any other offering material relating to the Bonds.

With respect to the enforceability of any document or instrument, this opinion is subject to the qualifications that: (i) enforceability of such document or instrument may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance and similar laws relating to or affecting the enforcement of creditors' rights; (ii) the enforceability of equitable rights and remedies provided for in such document or instrument is subject to judicial discretion, and the enforceability of such document or instrument may be limited by general principles of equity; (iii) the enforceability of such document or instrument may be limited by public policy; and (iv) certain remedial, waiver and other provisions of such document or instrument may be unenforceable, provided, however, that in our opinion the unenforceability of those provisions would not, subject to the other qualifications set forth herein, affect the validity of such document or instrument or prevent the practical realization of the benefits thereof.

This opinion is given only as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Very truly yours,

BARNES & THORNBURG LLP

Original Opinion of Bond Counsel

Series 2007A Bonds

Upon delivery of the Series 2007A Bonds, Barnes & Thornburg LLP, Bond Counsel, delivered an opinion substantially in the following form. Such opinion spoke only as of its date. Bond Counsel has not been engaged or undertaken to determine the correctness of such opinion as of any date other than the date thereof, or to revise or supplement such opinion to reflect any facts or circumstances that may have come to its attention since the date thereof or any change in law that may have occurred since the date thereof. The inclusion of such opinion in this Official Statement shall not constitute any reissuance or republication of such opinion.

March 28, 2007

Indiana Finance Authority
Indianapolis, Indiana

Re: Indiana Finance Authority
Lease Appropriation Bonds (Stadium Project), Series 2007 A

Ladies and Gentlemen:

We have acted as bond counsel to the Indiana Finance Authority (the “Issuer”) in connection with the issuance by the Issuer of its Lease Appropriation Bonds (Stadium Project), Series 2007 A, dated March 28, 2007 (the “2007 Bonds”), in the aggregate principal amount of \$211,525,000, pursuant to Indiana Code 4-4-10.9, as amended, Indiana Code 4-4-11, as amended, and the Trust Indenture, dated as of October 1, 2005 (the “Original Indenture”), as amended and supplemented by the First Supplemental Trust Indenture, dated as of June 1, 2006, and the Second Supplemental Trust Indenture, dated as of March 1, 2007 (the “Second Supplemental Indenture”), each by and between The Bank of New York Trust Company, N.A., as trustee (the “Trustee”), and the Issuer (collectively, the “Indenture”). Pursuant to the Original Indenture, the Issuer issued its Lease Appropriation Bonds (Stadium Project), Series 2005 A, dated October 13, 2005 (the “2005 Bonds”), in the aggregate principal amount of \$400,000,000, all of which is currently outstanding. Under the Indenture, the Issuer has pledged, on a parity basis, the Trust Estate (as defined in the Original Indenture) for the payment, when due, of the principal of and interest on the 2005 Bonds, the 2007 Bonds and any other bonds of equal standing, which are hereafter issued within the restrictions of the Indenture (collectively, the “Bonds”). In such capacity, we have examined such law and such certified proceedings, certifications and other documents as we have deemed necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied on representations of the Issuer contained in the Indenture, the certified proceedings and other certifications of public officials furnished to us, and certifications, representations and other information furnished to us by or on behalf of the Issuer, the Indiana Stadium and Convention Building Authority (the “Building Authority”) and others, including, without limitation, certifications contained in the tax and arbitrage certificate of the Issuer, dated the date hereof, without undertaking to verify the same by independent investigation. We have relied upon the opinion of Ice Miller LLP, Indianapolis, Indiana, counsel to the Building Authority, dated the date hereof, as to the matters stated therein.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Issuer is a body politic and corporate, not a state agency, but an independent instrumentality of the State of Indiana (the “State”) exercising essential public functions, validly existing under the laws of the State, with the corporate power to enter into the Second Supplemental Indenture and perform its obligations under the Indenture and to issue the 2007 Bonds.

2. The 2007 Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding limited obligations of the Issuer, enforceable in accordance with their terms. The 2007 Bonds are payable solely from the Trust Estate on a parity with the 2005 Bonds and any other Bonds hereafter issued in accordance with the Indenture.

3. The Second Supplemental Indenture has been duly authorized, executed and delivered by the Issuer, and the Indenture is a valid and binding obligation of the Issuer, enforceable against the Issuer in accordance with its terms.

4. Under Section 103 of the Internal Revenue Code of 1986, as amended and in effect on this date (the "Code"), the interest on the 2007 Bonds is excludable from gross income for federal income tax purposes. The opinion set forth in the preceding sentence is subject to the condition that each of the Issuer and the Building Authority comply with all requirements of the Code that must be satisfied subsequent to the issuance of the 2007 Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. Each of the Issuer and the Building Authority has covenanted or represented that it will comply with such requirements. Failure to comply with certain of such requirements may cause the interest on the 2007 Bonds to become included in gross income for federal income tax purposes retroactively to the date of issuance of the 2007 Bonds. We express no opinion regarding the effect on the excludability of the interest on the 2007 Bonds from gross income for federal income tax purposes of a change in the Mode (as defined in the Second Supplemental Indenture) of the 2007 Bonds from the ARS Mode (as defined in the Second Supplemental Indenture) to any other Mode or the delivery of a Liquidity Facility (as defined in the Original Indenture) to the Trustee.

5. Interest on the 2007 Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on certain corporations.

6. Interest on the 2007 Bonds is exempt from income taxation in the State for all purposes, except the State financial institutions tax.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement, dated March 26, 2007, or any other offering material relating to the 2007 Bonds.

We express no opinion regarding any tax consequences arising with respect to the 2007 Bonds, other than as expressly set forth herein.

With respect to the enforceability of any document or instrument, this opinion is subject to the qualifications that: (i) the enforceability of such document or instrument may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium, fraudulent conveyance and similar laws relating to or affecting the enforcement of creditors' rights; (ii) the enforceability of equitable rights and remedies provided for in such document or instrument is subject to judicial discretion, and the enforceability of such document or instrument may be limited by general principles of equity; (iii) the enforceability of such document or instrument may be limited by public policy; and (iv) certain remedial, waiver and other provisions of such document or instrument may be unenforceable, provided, however, that, in our opinion, the unenforceability of those provisions would not, subject to the other qualifications set forth herein, affect the validity of such document or instrument or prevent the practical realization of the benefits thereof.

This opinion is given only as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

BARNES & THORNBURG LLP

Conversion Opinion of Bond Counsel

Series 2005A Bonds

On March 28, 2008, Barnes & Thornburg LLP, Bond Counsel, will deliver an opinion substantially in the following form.

March 28, 2008

Indiana Finance Authority
Indianapolis, Indiana

The Bank of New York Trust Company, N.A.,
as Trustee
Indianapolis, Indiana

Wilmington Trust Company
New York, New York

Goldman Sachs & Co.
New York, New York

City Securities Corporation
Indianapolis, Indiana

Citigroup Global Markets Inc.
New York, New York

Wachovia Securities, LLC
Richmond, Virginia

Merrill Lynch Pierce Fenner & Smith, Incorporated
New York, New York

J.P. Morgan Securities Inc.
New York, New York

Re: Indiana Finance Authority
Lease Appropriation Bonds (Stadium Project), Series 2005 A

Ladies and Gentlemen:

We have acted as bond counsel to the Indiana Finance Authority (the “Issuer”) in connection with the issuance by the Issuer of its Lease Appropriation Bonds (Stadium Project), Series 2005 A, dated October 13, 2005 (the “Bonds”), in the aggregate principal amount of \$400,000,000, pursuant to Indiana Code 4-4-10.9, as amended, and Indiana Code 4-4-11, as amended, and a Trust Indenture between the Issuer and The Bank of New York Trust Company, N.A., as trustee (the “Trustee”), dated as of October 1, 2005, as amended and supplemented by a First Supplemental Trust Indenture dated as of June 1, 2006, a Second Supplemental Trust Indenture dated as of March 1, 2007, and a Third Supplemental Trust Indenture dated as of March 1, 2008 (such Trust Indenture, as so amended and supplemented, the “Indenture”). In such capacity, we have examined such law and such certified proceedings, certifications and other documents as we have deemed necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the Indenture, the certified proceedings and other certifications of public officials furnished to us, and certifications, representations and other information furnished to us by or on behalf of the Issuer, the Indiana Stadium and Convention Center Building Authority (the “Building Authority”) and others, including certifications

contained in the tax and arbitrage certificates of the Issuer, dated October 13, 2005, or the date hereof, without undertaking to verify the same by independent investigation. We have relied upon the opinion of Ice Miller LLP, Indianapolis, Indiana, counsel to the Building Authority, dated October 13, 2005, as to the matters stated therein, and the opinions of Bingham McHale LLP, Indianapolis, Indiana, counsel to the Capital Improvement Board of Managers of Marion County, dated October 13, 2005, or the date hereof, as to the matters stated therein.

Based upon the foregoing, we are of the opinion that, with respect to the Bonds of each series, on or as of each date, from and including March 28, 2008, to and including April 2, 2008, on which (i) the Mode (as defined in the Indenture) of the Bonds of such series is changed from the PARS Mode (as defined in the Indenture) to the Weekly Mode (as defined in the Indenture) and (ii) a Liquidity Facility (as defined in the Indenture) pursuant to the Standby Bond Purchase Agreement among the Issuer, the Trustee, JPMorgan Chase Bank, National Association, as administrative agent, and JPMorgan Chase Bank, National Association, Dexia Credit Local, acting through its New York Branch, The Bank of New York, and RBS Citizens, National Association, dated as of March 1, 2008, for the Bonds of such series is delivered to the Trustee (such change and delivery, the "Conversion"), under existing law:

1. The Conversion of the Bonds of each series is permitted under Indiana Code 4-4-11 and the Indenture.

2. The Conversion of the Bonds of each series will not, in and of itself, cause the interest on the Bonds of such series to be not excludable from gross income from federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended and in effect on the date of such Conversion (the "Code"). The opinion set forth in the preceding sentence is subject to the condition that each of the Issuer and the Building Authority comply with all requirements of the Code that must be satisfied subsequent to the date of such Conversion in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Each of the Issuer and the Building Authority has covenanted or represented that it will comply with such requirements. Failure to comply with certain of such requirements may cause the interest on the Bonds to become included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. We express no opinion regarding the effect on the excludability of the interest on the Bonds from gross income for federal income tax purposes of (i) any change, after April 2, 2008, in the Mode of any of the Bonds of any series from any Mode to any other Mode, or (ii) any delivery, after April 2, 2008, of any Liquidity Facility to the Trustee.

3. The Conversion of the Bonds of each series will not, in and of itself, cause the interest on the Bonds of such series to be not exempt from income taxation in the State of Indiana (the "State") for all purposes except the State financial institutions tax.

We express no opinion regarding any tax consequences arising with respect to the Bonds, other than as expressly set forth herein.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement, dated March 27, 2008, or any other offering material relating to the Bonds.

This opinion is given, with respect to the Bonds of each series, only on or as of the date of the Conversion of the Bonds of such series, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may thereafter come to our attention, or any changes in law that may thereafter occur.

You may rely on this opinion as to any Conversion after the date hereof only as long as we have not withdrawn this opinion and only to the extent that, at the date of such Conversion: (i) the representations and warranties of the Issuer and the Building Authority contained in the Indenture and any certificates executed and delivered by the Issuer or the Building Authority in connection therewith are true and correct; (ii) each of the Issuer and the Building Authority has complied with its covenants contained in the Indenture and such certificates; (iii) the Indenture has not been amended or modified and is in full force and effect; and (iv) there has been no change in pertinent existing state or federal law.

Very truly yours,

BARNES & THORNBURG LLP

Conversion Opinion of Bond Counsel

Series 2007A Bonds

On March 28, 2008, Barnes & Thornburg LLP, Bond Counsel, will deliver an opinion substantially in the following form.

March 28, 2008

Indiana Finance Authority
Indianapolis, Indiana

The Bank of New York Trust Company, N.A.,
as Trustee
Indianapolis, Indiana

Wilmington Trust Company
New York, New York

J.P. Morgan Securities Inc.
New York, New York

RBC Capital Markets
Minneapolis, Minnesota

Morgan Stanley & Co. Incorporated
New York, New York

Citigroup Global Markets Inc.
New York, New York

City Securities Corporation
Indianapolis, Indiana

Banc of America Securities LLC
New York, New York

Raymond James & Associates, Inc.
St. Petersburg, Florida

Re: Indiana Finance Authority
Lease Appropriation Bonds (Stadium Project), Series 2007 A

Ladies and Gentlemen:

We have acted as bond counsel to the Indiana Finance Authority (the “Issuer”) in connection with the issuance by the Issuer of its Lease Appropriation Bonds (Stadium Project), Series 2007 A, dated March 28, 2007 (the “Bonds”), in the aggregate principal amount of \$211,525,000, pursuant to Indiana Code 4-4-10.9, as amended, Indiana Code 4-4-11, as amended, and a Trust Indenture between the Issuer and The Bank of New York Trust Company, N.A., as trustee (the “Trustee”), dated as of October 1, 2005, as amended and supplemented by a First Supplemental Trust Indenture dated as of June 1, 2006, a Second Supplemental Trust Indenture dated as of March 1, 2007, and a Third Supplemental Trust Indenture dated as of March 1, 2008 (such Trust Indenture, as so amended and supplemented, the “Indenture”). In such capacity, we have examined such law and such certified proceedings, certifications and other documents as we have deemed necessary to render this opinion.

Regarding questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the Indenture, the certified proceedings and other certifications of public officials furnished to us, and certifications, representations and other information furnished to us by or on behalf of the Issuer, the Indiana Stadium and Convention Center Building Authority (the "Building Authority") and others, including certifications contained in the tax and arbitrage certificates of the Issuer, dated March 28, 2007, or the date hereof, without undertaking to verify the same by independent investigation. We have relied upon the opinion of Ice Miller LLP, Indianapolis, Indiana, counsel to the Building Authority, dated March 28, 2007, as to the matters stated therein, and the opinions of Bingham McHale LLP, Indianapolis, Indiana, counsel to the Capital Improvement Board of Managers of Marion County, dated March 28, 2007, or the date hereof, as to the matters stated therein.

Based upon the foregoing, we are of the opinion that, with respect to the Bonds of each series, on or as of each date, from and including March 28, 2008, to and including April 3, 2008, on which (i) the Mode (as defined in the Indenture) of the Bonds of such series is changed from the ARS Mode (as defined in the Indenture) to the Weekly Mode (as defined in the Indenture) and (ii) a Liquidity Facility (as defined in the Indenture) pursuant to the Standby Bond Purchase Agreement among the Issuer, the Trustee, JPMorgan Chase Bank, National Association, as administrative agent, and JPMorgan Chase Bank, National Association, Dexia Credit Local, acting through its New York Branch, The Bank of New York, and RBS Citizens, National Association, dated as of March 1, 2008, for the Bonds of such series is delivered to the Trustee (such change and delivery, the "Conversion"), under existing law:

1. The Conversion of the Bonds of each series is permitted under Indiana Code 4-4-11 and the Indenture.

2. The Conversion of the Bonds of each series will not, in and of itself, cause the interest on the Bonds of such series to be not excludable from gross income from federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended and in effect on the date of such Conversion (the "Code"). The opinion set forth in the preceding sentence is subject to the condition that each of the Issuer and the Building Authority comply with all requirements of the Code that must be satisfied subsequent to the date of such Conversion in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Each of the Issuer and the Building Authority has covenanted or represented that it will comply with such requirements. Failure to comply with certain of such requirements may cause the interest on the Bonds to become included in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. We express no opinion regarding the effect on the excludability of the interest on the Bonds from gross income for federal income tax purposes of (i) any change, after April 3, 2008, in the Mode of any of the Bonds of any series from any Mode to any other Mode, or (ii) any delivery, after April 3, 2008, of any Liquidity Facility to the Trustee.

3. The Conversion of the Bonds of each series will not, in and of itself, cause the interest on the Bonds of such series to be not exempt from income taxation in the State of Indiana (the "State") for all purposes except the State financial institutions tax.

We express no opinion regarding any tax consequences arising with respect to the Bonds, other than as expressly set forth herein.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement, dated March 27, 2008, or any other offering material relating to the Bonds.

This opinion is given, with respect to the Bonds of each series, only on or as of the date of the Conversion of the Bonds of such series, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may thereafter come to our attention, or any changes in law that may thereafter occur.

You may rely on this opinion as to any Conversion after the date hereof only as long as we have not withdrawn this opinion and only to the extent that, at the date of such Conversion: (i) the representations and warranties of the Issuer and the Building Authority contained in the Indenture and any certificates executed and delivered by the Issuer or the Building Authority in connection therewith are true and correct; (ii) each of the Issuer and the Building Authority has complied with its covenants contained in the Indenture and such certificates; (iii) the Indenture has not been amended or modified and is in full force and effect; and (iv) there has been no change in pertinent existing state or federal law.

Very truly yours,

BARNES & THORNBURG LLP

